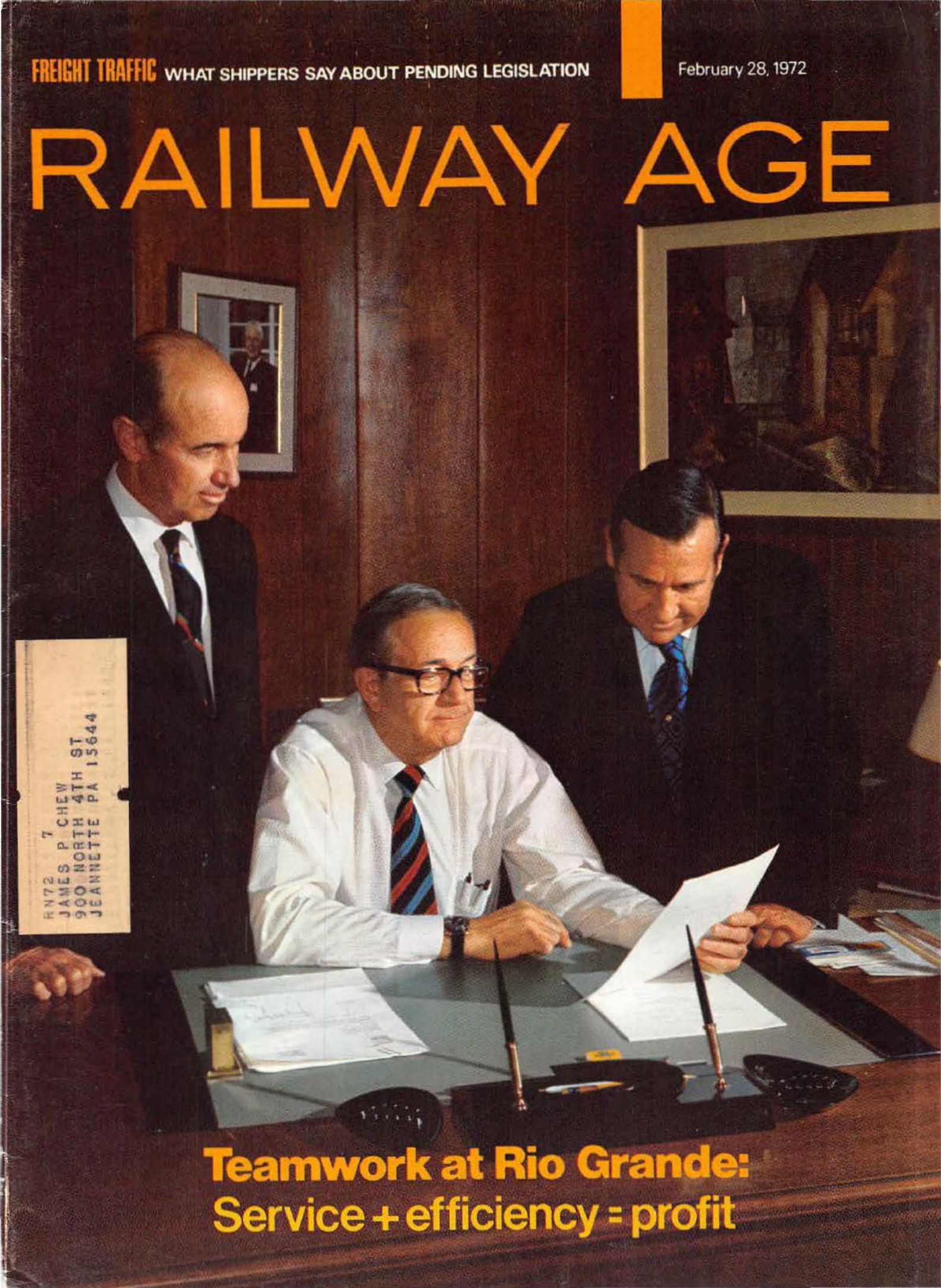
FREIGHT TRAFFIC WHAT SHIPPERS SAY ABOUT PENDING LEGISLATION

February 28, 1972

RAILWAY AGE



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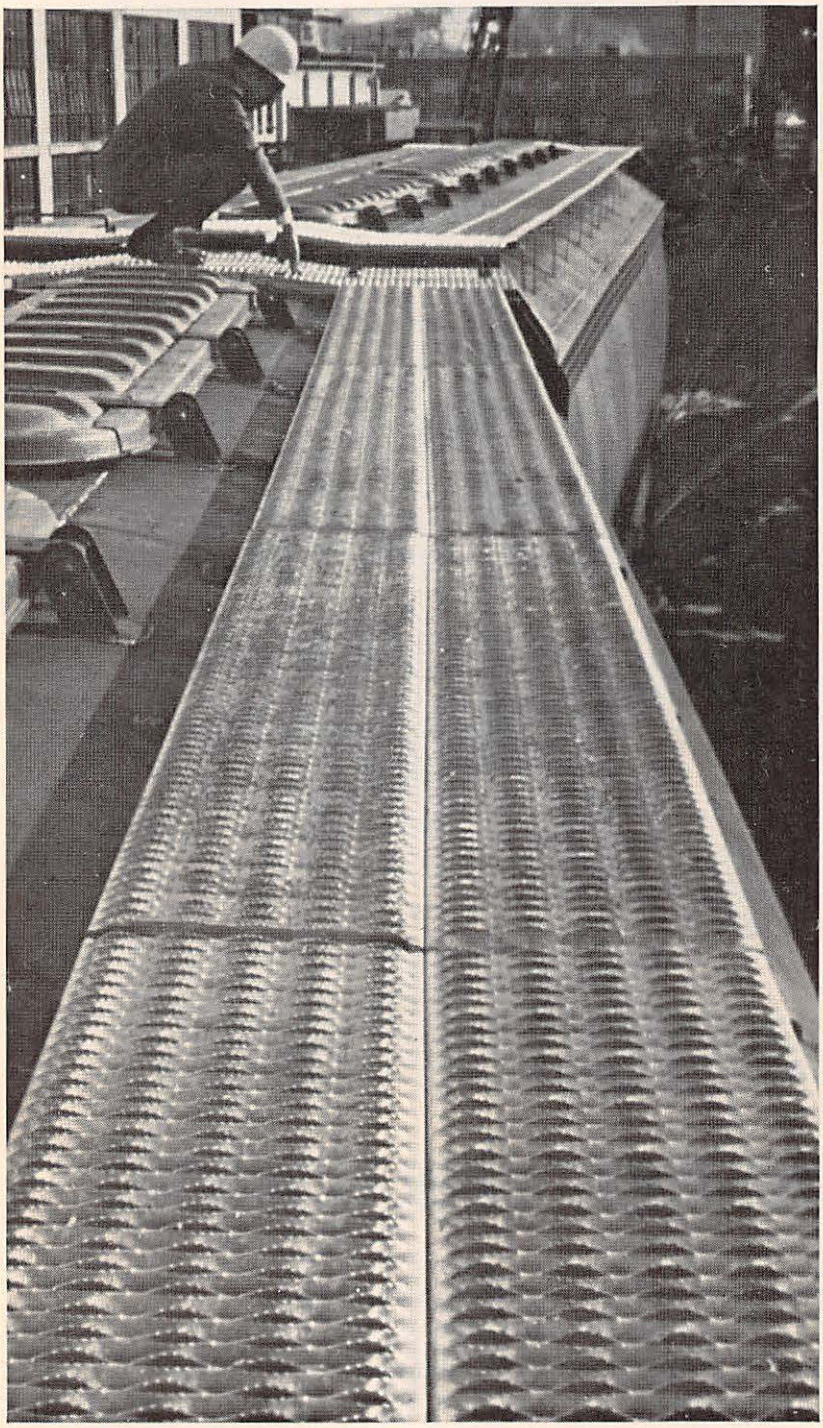

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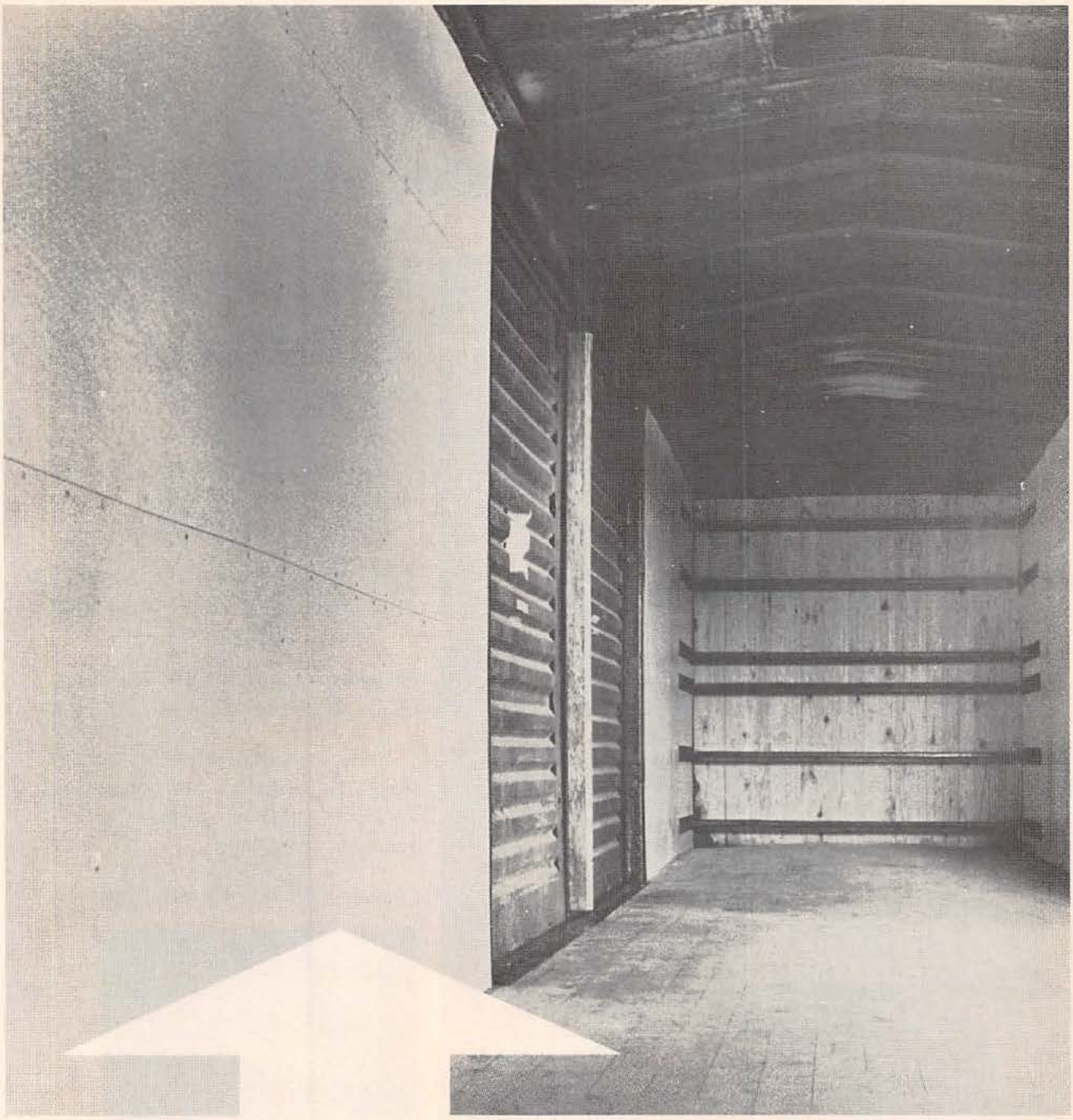

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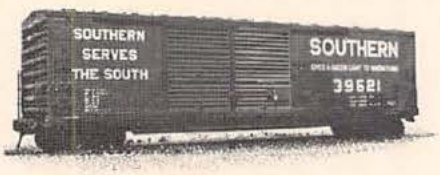

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February 28, 1972 • Vol. 172 No. 4

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Inside

LUTHER MILLER

CHEERS FOR THE RIO GRANDE

A young railfan-turned-railroader (his own description) wrote in to complain that Railway Age was not reporting enough of the bad news in what was clearly (he thought) a bad-news industry. We were not sufficiently tough on management, he said. We were, in his words, conducting a "pep rally" at a time when the industry was crashing down around us. For real news of the industry, he said, he had to rely on the newspapers. This young man's letter appeared to have been set off by an issue which contained detailed and rather glowing reports on the Union Pacific and Western Pacific Railroads—a kind of all-this-and-Perlman-too installment in our Management Close-up series.

With the current issue, in which we emerge as cheerleaders for yet another good-news railroad, the Denver & Rio Grande Western, our fate with young railfan-turned-railroader is probably sealed. So be it. We wish him many happy hours with the Wall Street Journal and the New York Times.

Certainly, the bad news is always with us. The latest word on Penn Central occupies our lead news page. The deepening dissent in shipper ranks over legislation backed by the regulated carriers gets its share of space (p. 31). And the fear that we may stumble into nationalization is reflected again in this week's Viewpoint (p. 54).

But this industry would not be worth the effort it will take to revitalize Penn Central, to win favorable legislation in a hostile or indifferent Congress, and generally to avoid Federal take-over, if it could not boast the UPs, the WPs—and the Rio Grandes. So it is with pleasure and no apologies that we present, as the main feature and cover story, Associate Editor Bob Bartley's frankly admiring report on D&RGW (p. 23).

Call it cheerleading if you will. But we think there is something to cheer about.

A SHIPPER, AN IDEA, AND A BRAND-NEW CAR

To newspaper readers, it must often seem that the main occupation of shippers is opposing the carriers on Capitol Hill or in an ICC hearing room. Railway Age, which regularly sends one issue a month (this is one of them) to 10,000 shippers, and whose editors have for a long time sought out the kind of shipper stories that do not appear elsewhere, knows better. As mentioned earlier, a story on the shipper as legislative opponent appears in this issue. But that isn't all.

Our mechanical editor, Fred Houser, heard of an intriguing freight-car development which had been initiated not by a railroad, but by a railroad customer, General Foods. Fred went to GF's corporate headquarters at White Plains, N.Y., to investigate. His report on a new (and 40% cheaper) grocery car which an increasing number of people think will bring home the bacon—for railroads, for their customers—starts on p. 32.

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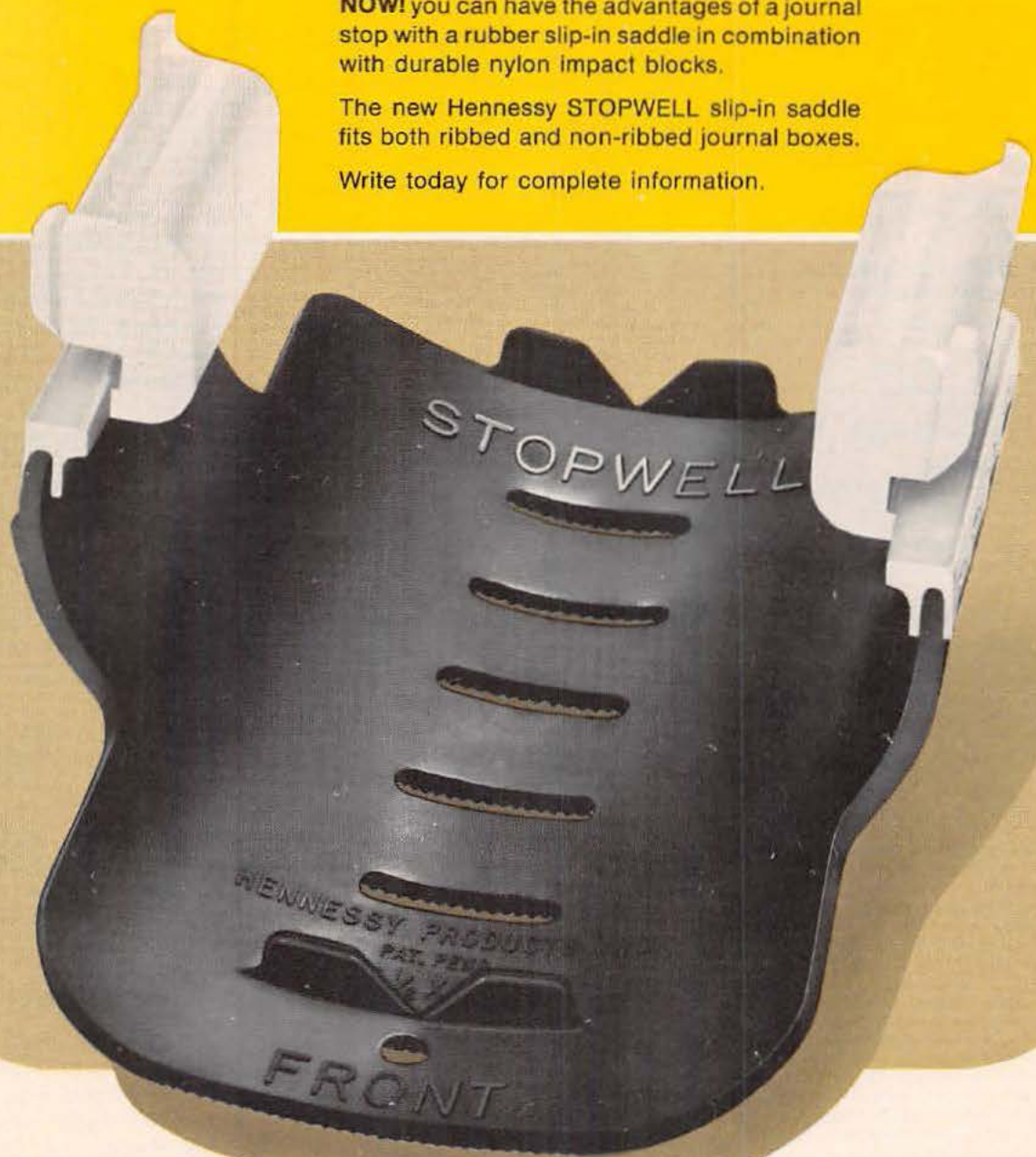

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RAILWAY AGE

February 28, 1972

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COVER

Rio Grande's shirt-sleeved chief, G. B. Aydelott, huddles with team members W. J. Holtman (left) and C. R. Lennig in photograph made by Denver free-lancer, Kent Bolerjack.

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Short and Significant

CARBUILDER PURCHASES UP SHARPLY

Increased purchases by railroad carbuilders contributed to a sharp increase in new orders for durable goods in January, the U.S. Department of Commerce reported Feb. 23. Commerce said shipments and new orders for durable goods in January showed the largest one-month advance in more than a year. Along with increased activity in the carbuilding field, Commerce singled out the marine shipping industry as a second major contributing factor.

SCL/L&N: REALIGNMENT AT THE TOP

Seaboard Coast Line and Louisville & Nashville on Feb. 21 announced a major shift of top management personnel. Prime F. Osborn, president of SCL, now becomes president and chief executive officer of L&N, with headquarters in Louisville, Ky. He succeeds William H. Kendall, who becomes vice chairman of the board of Seaboard Coast Line Industries, Inc., parent company of SCL (which owns 98% of the outstanding stock in L&N). The changes become effective April 1. W. Thomas Rice will continue to serve as chairman and chief executive officer of both Industries and the railroad, and will assume the duties of the presidency of the railroad.

MUSKIE WHISTLESTOPS THROUGH FLORIDA

In the heartland of space-age America, Democratic Presidential hopeful Edmund S. Muskie chose an older form of transportation—the whistlestop train. After paying Amtrak $5,852.52 for the rare privilege (Florida's last whistlestop tourist was Franklin D. Roosevelt 40 years ago), Muskie and 100 associates traveled from Jacksonville to Miami on a six-car train.

BN UPHELD IN "INQUIRY" CASE

Burlington Northern has won round two in its dispute with the ICC and its Bureau of Accounts over the Commission's right to examine budget and other forecasts (RA, March 29, 1971, p. 60). Upheld once in U.S. District Court, BN now has the U.S. Court of Appeals for the District of Columbia on its side. Said the appellate court: The forecasts demanded "relate to events which might or might not occur in the future, as distinguished from facts and past events recorded in the books and records of the carriers. Such prognostications are not within the limited scope of the Commission's power of inspection under Section 20."

KATY MAKES IT—WITH $21,000 TO SPARE

The M-K-T Railroad, transportation subsidiary of Katy Industries, achieved its break-even goal in 1971, and even managed to show a profit of $21,494, M-K-T President Reginald N. Whitman proudly announced Feb. 15. Whitman looks for further improvement in 1972 and plans a capital improvement program of more than $5 million, of which $3 million will be financed. A major increase in maintenance work has also been budgeted. Whitman noted that the 1971 profit was the carrier's first black figure since 1963 and its best performance since 1961. He commented that "getting into the black was particularly gratifying in the face of the most severe labor troubles the railroads have experienced in 20 years, and a generally sluggish economy."

"ONE BIG THINK TANK" FOR DOT?

Rep. J. J. Pickle (D.-Tex.) has introduced in Congress the Transportation Development Act of 1972. It would create within DOT a "Transportation Development Administration . . . responsible for all research, development, planning and demonstration (except Maritime Commission.)" Said Pickle: "The time has passed when we can use one-dimensional thinking and consider separately a new rail system, or a new highway or a new airport. We must think in terms of how one affects the other." Pickle said that what he has in mind is "one big think tank" within DOT.

HAZARD WILL SUCCEED BAKER AT DOT

President Nixon has nominated John L. Hazard, professor of marketing and transportation administration at Michigan State University since 1956, to succeed Charles D. Baker as assistant secretary of transportation for policy and international affairs. Hazard, 48, once served as a consultant to the St. Lawrence Seaway Development Corp.

TURBOTRAIN DERAILS, DELAYS 13

Amtrak's experimental TurboTrain service between Washington and Parkersburg, W. Va., through Keyser, W. Va., hometown of House Commerce Committee Chairman Harley O. Staggers came a cropper on Feb. 16. After repeated power failures, the train derailed while being towed by a conventional locomotive on the Baltimore & Ohio west of Cumberland, Md. The 13 passengers aboard then completed their trips by bus. Amtrak is currently seeking $170 million in additional funds from Congress.

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Each year we're able to bring you a better show because every day we're busy replacing things that worked yesterday with things that will work better tomorrow. It's a back-breaking, self-sacrificing job, but we love it. The reward is your continued patronage. When you've played to the shipper community for as many years as we have, there are a lot of satisfied customers who keep coming back for more performances.

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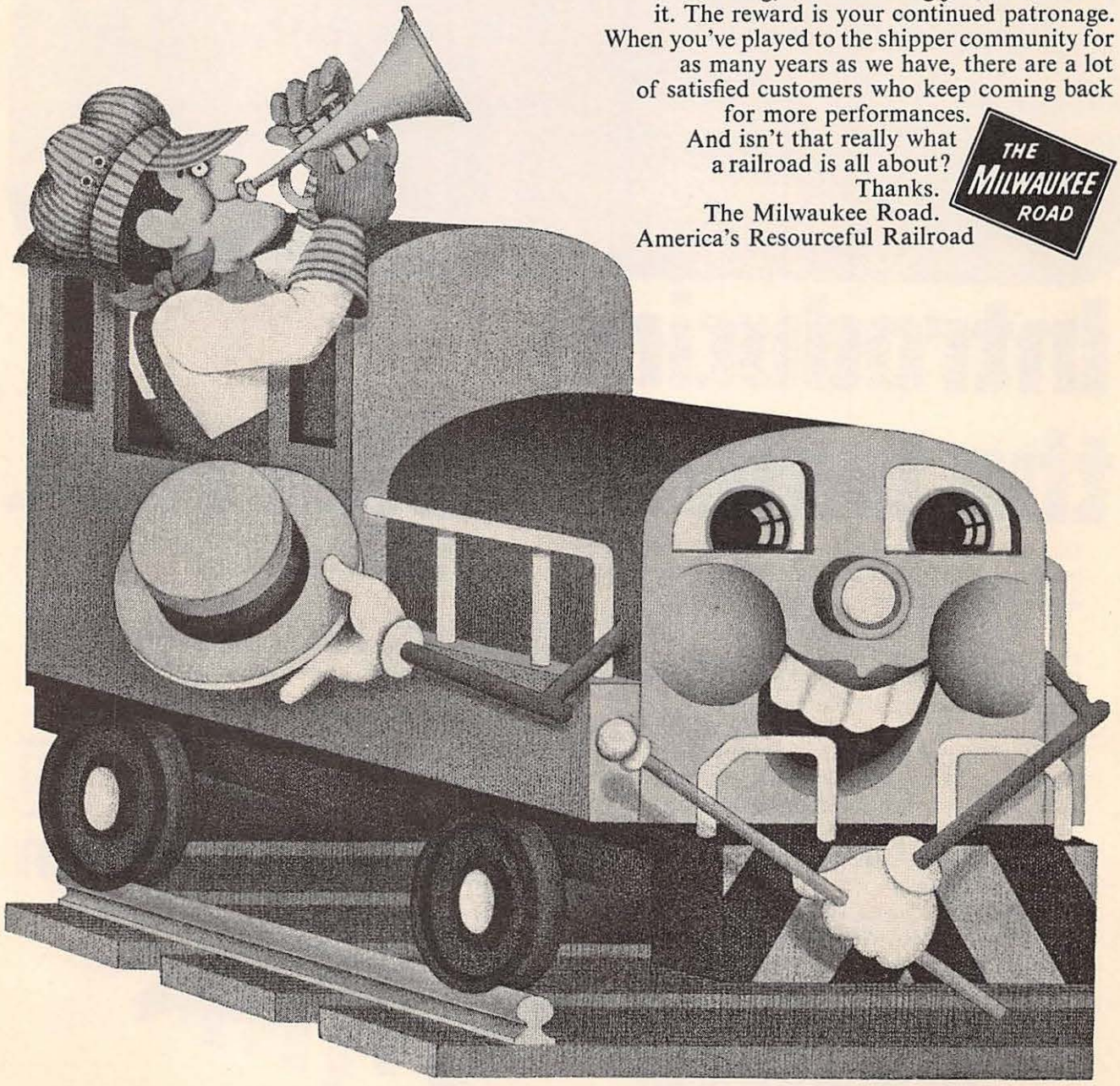

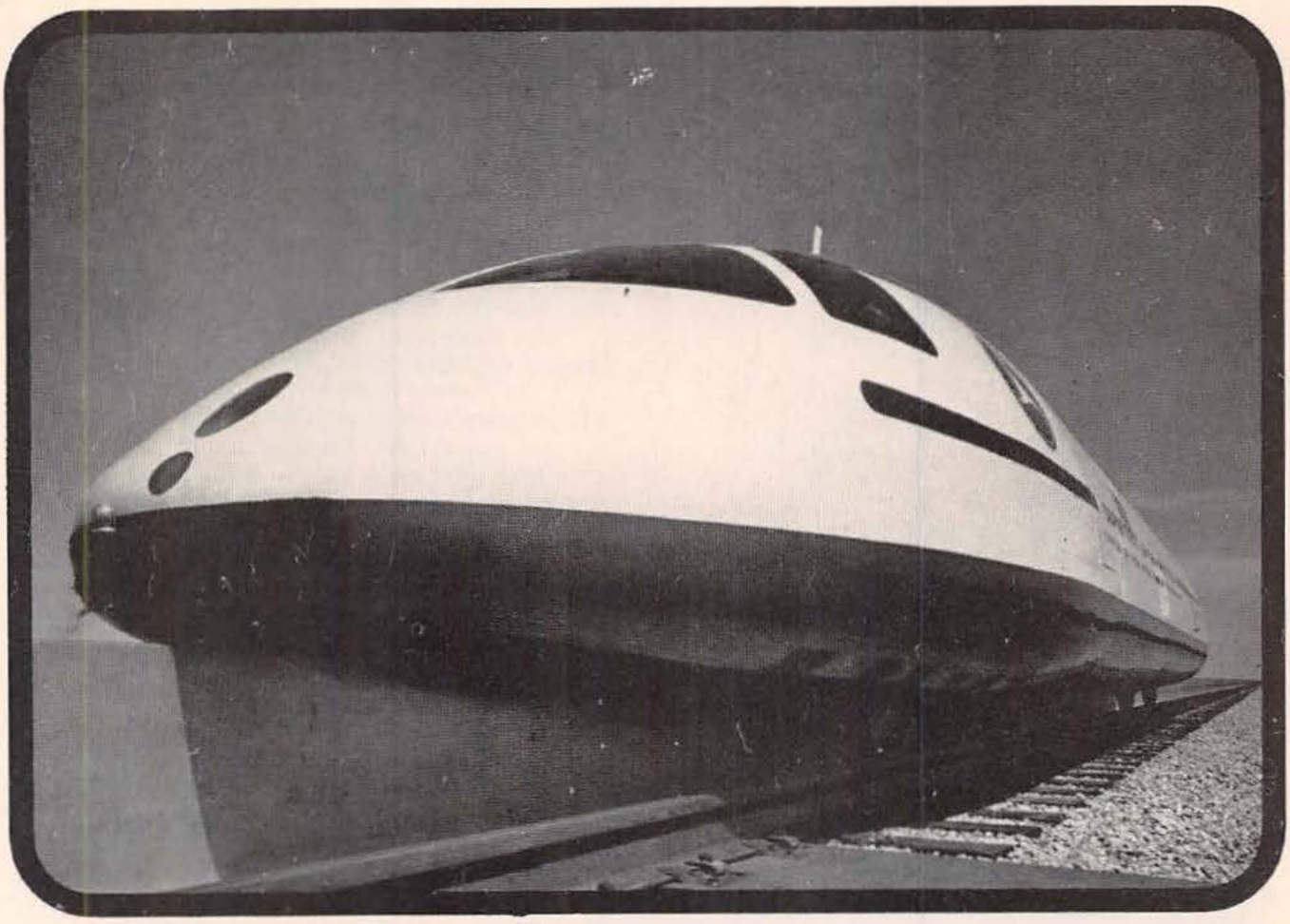

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RAILWAY AGE
NEWS

PENN CENTRAL: "We are going to make it, if—"

It was 11 months ago that a cautiously confident William H. Moore told Railway Age: "We are going to make it." There were people, including some on Penn Central property, who thought PC's president was prematurely optimistic. But last week, after a year that could hardly be called one of the industry's happiest, Penn Central's trustees confirmed Moore's judgment. In a report on reorganization planning filed with the Federal bankruptcy court in Philadelphia, the trustees said that it is their carefully considered conclusion that the company "can be successfully reorganized."

Like Moore 11 months ago, the trustees were not unrestrained in their optimism. They attached some big ifs to their conclusion that Penn Central can be steered into viability.

In the first place, they said, there must be "attainment of the projections which have now been made regarding the volume of traffic and freight revenues which can be reasonably forecast for Penn Central during the next five years—taking account of (1) prospective general business conditions, and (2) Penn Central's ability to advance in the highly competitive transportation market."

And in the second place, they said, viability would depend on "accomplishment of three basic changes in the Penn Central situation which will require action beyond the sole competence of the management, the trustees, or this court: rationalization of the Penn Central plant, removal of unnecessary labor costs, and full compensation for continuing passenger service losses."

It was the second set of conditions that raised eyebrows. The trustees conceded that their achievement would not be easy and that "a serious time factor is involved." Said the report to the court:

"The changes require the concurrence in one form or another of various interests, government and private. The benefits of some of the changes will by nature of the circumstances be postponed, in part, even after the arrangements are completed and authorized. And additional obligations (for currently deferred taxes, interest charges, and other claims) are being incurred by the debtor at the rate of approximately $100 million each year. This means an accumulation of prior charges against the estate before values available for pre-bankruptcy interests.

"The trustees' conclusion regarding the prospects for reorganization gives full account to these time factors. We believe that there is reasonable prospect that the three changes can be accomplished in substantial part during 1972 and 1973, and that virtually full benefit from the changes can be realized by the end of 1975. Accomplishment this year or next would enable the trustees promptly to begin at least partial payment of obligations now deferred (e.g., current state and local taxes)."

Then came the payoff paragraph:

"On these assumptions, the trustees now conclude that Penn Central may be expected (1) to begin generating substantial income available for fixed charges in 1974, and (2) to show, by 1976, income available for fixed charges of between $220 million and $290 million. This provides, in the trustees' judgment, a basis for reorganizing the debtor and for preparing their plan of reorganization."

> Reorganization is possible if three major conditions are met

The alternative:

"If these three changes were not to be made—or if there were undue delay in making them—there would not be, in the judgment of the trustees, the basis for reorganizing the Penn Central as a private enterprise. This conclusion is based on studies and analyses which show that maximally effective self-help measures alone—taken with the most reliable estimates of traffic increases in the future—would result in continued losses during the next four years and would show only marginal earnings by 1976. That would be too little and too late—for there would have been unconscionable and possibly unconstitutional erosion of the debtor's estate in the meantime. This judgment could only be invalidated by an unlikely confluence of favorable developments including a spectacular and sustained increase in revenues far beyond where is here forecast."

The trustees elaborated on the three changes outside management's control on which they believe viability hinges:

Rationalization of plant: Approximately 80% of PC's freight business comes from 11,000 of its 20,000 route miles. "Thus, 11,000 miles have been taken, for purposes of this reorganization feasibility determination only, as a 'core' system—with full recognition that this alone would not constitute a full-service system, taking all interests into account. Similar analyses are being made of larger 'core' systems.

"With respect to the remaining 9,000 route miles, virtually all shippers have abandoned well over a third of them. This should be recognized by appropriate abandonment certificates from the ICC. . .The remaining route miles which still serve a useful purpose can continue to be operated—some of them, hopefully by a revitalized Penn Central itself, some with help from those interests, either public or private, which are prepared to underwrite the losses."

Personnel reduction: "The proposal is that only those train and engine service employees determined to be necessary to the safe and efficient freight operation be employed. Collective bargaining on this issue is now in progress. If it fails the trustees will accept. . .an independent third-party determination." Approximately 9,800 jobs now required by prior labor agreements or excess-crew laws are involved, costing $150 million a year.

Passenger-service compensation: "Present arrangements with Amtrak fall far short of enabling Penn Central to recover its current costs, even aside from any return on its investment. It should be recognized, for example, that passenger service as a whole in the Washington-New York-Boston corridor is not provided as a by-product of freight service but is, rather, the principal service and should be paid for accordingly. Even greater losses are being sustained in commuter service. The reimbursement factor involved here amounts to $87.2 million on a 1972 basis (exclusive of return on investment)."

BN: The measure of good management

Rising to address the New York Society of Security Analysts, Burlington Northern Chairman Louis W. Menk looked four years into the future: "In 1976," he said, "it is possible that I may be standing here—or my successor may be—and I wonder what he or I will be able to say regarding accomplishments during the five-year period from the beginning of 1971 through the end of 1975."

Whoever BN's chief is in '76, said Menk, there are at least three questions he should be ready to answer:

(1) "What kind of return did management achieve on the railroad assets that were committed to our care in 1971 and subsequently?

(2) "How effective have we at Burlington Northern been during those five years in making use of the company's resources?

(3) "What did we accomplish with regard to improvement in the economic and social conditions in the vast territory we serve?"

BN's chairman then proceeded to answer these questions for the first of those five years—1971, which was, he noted, "the first full year of operations for the management team that was placed in charge of the merged assets of four predecessor roads."

(1) "We are happy to report. . .that in 1971 we earned $35.4 million or $2.74 per share of our common stock, before extraordinary charges, as compared with $26.4 million or $2.01 per share on the same basis in calendar 1970. Our profit plan for the year called for 1971 earnings to be $2.68 per share."

(2) "Burlington Northern has an extremely strong position in terms of land resources. Our total acreage, owned in fee, most of which is located in the Northwest, exceeds 2.3 million acres.

"With direction and major assistance from the firm of William L. Pereira and Associates, an internationally recognized land use planning firm, a six-month land use study has just been completed in which new business and development opportunities were measured against projected global and national trends. Our objective is to produce maximum income results without liquidation of assets.

"Phase 2 of this project is now under way. Specifically, it will study extensive rural, urban and recreational development, probably involving joint venture financing in order to maximize return without substantial cash outflow.

"Industrial and economic development is an area that has made—and will continue to make—an important contribution to the profitability of Burlington Northern. We own 21,000 acres of industrial sites along our rights of way. They are major incentives to encourage new business to relocate along our lines. In the two years since the merger, 854 firms have selected our sites for new facilities and more than 400 businesses that are already located on our railroad have announced plans for expansion. We estimate that the additions to this customer base that we made in 1971 alone will mean 88,000 additional carloads of freight annually and almost $40 million in additional annual revenues.

"Our 140-man industrial and economic development department helps businessmen evaluate such factors as ecology, environment, conservation requirements, taxes, land resource use, air, and water purities.

"For example, last month, when a Japanese firm announced plans to invest up to $40 million to build a petrochemical equipment manufacturing facility in Seattle, the key man in the transaction was our executive director for international trade. (He is Japanese.)

"In railroading, Burlington Northern has the right location. . .Not only are we located for steady growth domestically, we look to British Columbia, Alaska and the Far East to provide substantial additional freight revenues. We maintain sales offices in 36 states, Canada and Japan and there is an excellent possibility that our growth will make it necessary to open offices in other Far Eastern nations.

(3) "Community relations has been at the top of the agenda for many meetings at Burlington Northern for the past year. We serve more than 3,000 communities in 19 states and two provinces of Canada along our 26,000 miles of track. It is obvious that the best interests of our fellow citizens of Burlington Northern are very closely related. Programs to foster improvement in economic and social conditions have been prepared. . . .

"We do not consider this effort as a self-serving public relations or political device, but rather a sincere and dedicated effort on our part to be a good citizen in all of the communities we are privileged to serve."

And how about the immediate future? BN President Robert W. Downing had an encouraging word for the Wall Streeters: BN's freight revenues in '71 were $887 million, against $804 million in '70—and "the outlook for freight revenues in 1972 is for a continuation of the upward trend."

Ohio crew-law fight goes on, and on

On or after March 8, the Ohio House of Representatives will have a chance to do something about what Penn Central President William H. Moore has referred to as a "smokescreen repeal. . .next to useless" of that state's train-crew law.

Last September, the House approved a straight-out repealer. But the Senate tacked on an amendment calling for a fifth crew member on trains of more than 5,000 feet in length and for a sixth man on trains longer than 10,000 feet. Ohio railroads, naturally, will be urging the House to reject the amendment and send the bill back to the Senate for a second consideration.

Agreement reached on rate hikes

Railroads were reported last week to be ready to ask the Interstate Commerce Commission for permanent selective rate increases to become effective when an emergency 2.5% rate surcharge expires June 5.

Some reports said the selective increases to be sought would range between 3% and 10%, yielding extra revenues amounting to between 3% and 4%.

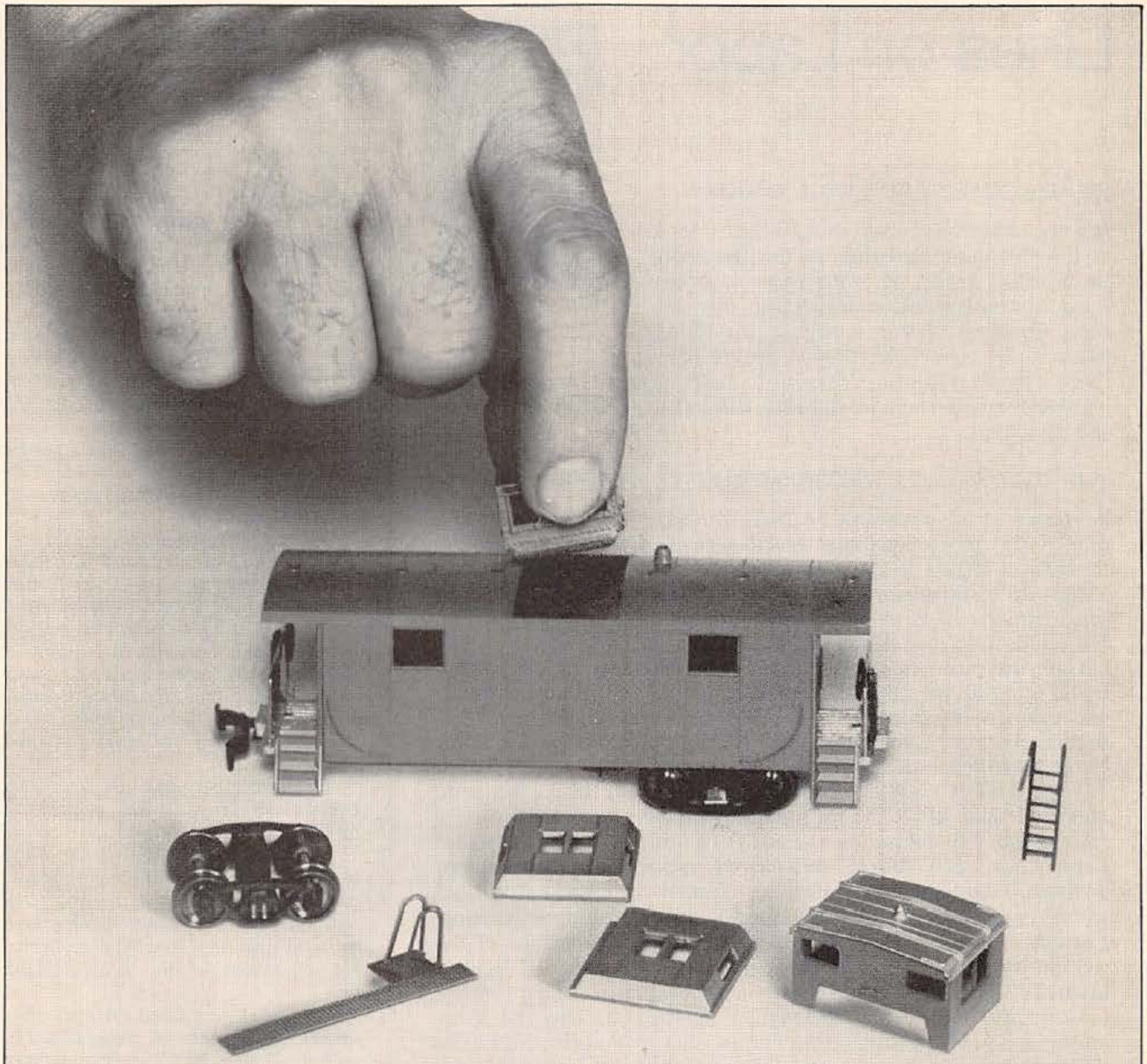
Railroads originally sought the surcharge in December. The ICC finally permitted it to go into effect Feb. 5, citing "a ciritical need" for new revenues to help meet rising costs.

In Washington, meanwhile, the ICC in an unrelated move announced that it was ordering all regulated carriers to postpone indefinitely any proposed rate increase which would have gone into effect Feb. 10 or later.

The Commission's action, announced by Acting Chairman Robert C. Gresham, followed an announcement by the Price Commission Feb. 10 that it was ordering a temporary nationwide freeze on all rate increases anticipated by "privately owned utilities" until March 10.

Gresham noted that railroads, truck lines, water carriers, freight forwarders and pipelines routinely file scores of rate adjustments daily with the ICC. Although rate decreases will not be affected by the Price Commission's action, and the ICC's subsequent order, no increase will be allowed to go into effect until further order by the Commission.

The Commission's Bureau of Traffic estimates that more than 1,000 rate increase proposals will be affected by the Feb. 10 ruling.



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Circle 8 on coupon page 41

Lines on Labor

GUS WELTY

REASSESSMENT FOR RAIL LABOR?

It's about time for rail labor to take a look at its hole card—and then to decide where its interests really lie, with respect to the mass of transportation legislation now before Congress. After studying the odds, reasonable men just might decide that there's more potential for gain in helping railroads reach their legislative goals than in fighting the industry, or in sitting out the campaign.

THE "OLD WAYS": WHOSE INTERESTS WERE SERVED?

A couple of factors might be cited to bolster this argument, and one of the most persuasive is the record of the past 20 years: Despite all efforts to stem the tide, despite the negotiation of all kinds of stabilization and protective agreements, the labor organizations have seen rail employment drop from more than 1.2 million to less than 550,000 last year. During the same period, the industry's share of the inter-city freight market has fallen from about 56% to a shade more than 40%, and with the exception of a couple of years railroads as a whole have been financially sick. Clearly, traditional ways of handling problems haven't worked—and aren't working now.

What's labor's legislative position today? On the surface, and maybe deeper down, there seems to be a feeling of distrust—a feeling that "if management's for it, we ought to be against it." Labor has, of course, put forth support for one major proposal—the so-called Fastcor freight-car-corporation bill which came into being with labor and some shipper backing. But even here, there's some question as to the solidness of the ground on which labor stands. One original premise of Fastcor involved a boost for in-house carbuilding—a boost which, presumably, would strengthen the position of the rail shopcrafts. But the numbers game comes into play again. And in its deliberations, Congress is certainly not about to forget that the major contract carbuilders are also unionized, and that their operations, too, could stand a boost.

SUPPORT FROM LABOR: IT'S NOT UNREASONABLE

Actually, there's a better-than-fair chance—by some inside estimates—that Congress may move on bits and pieces of rail legislation this year. A freight-car bill in some form seems possible. Action could come on tax discrimination legislation and on mandatory state use of 5% of Federal highway aid funds for grade-crossing protection. And it's difficult to see a valid source of labor opposition for any of these proposals. Opposition could certainly be expected on another fairly hot item, rail abandonment. But a measure of labor support might even be expected here, if (1) the wisdom of pruning the branches to save the trunk can be demonstrated, and (2) some formula can be worked out to continue essential but uneconomic services.

It may be true that crises prolonged becomes commonplace. It may also be true that the labor organizations think management has hollered "Wolf" too often. But more and more people are now coming to see that the wolf really was prowling around in the weeds during the '50s and '60s—and that now he is indeed scratching at the door. That's why it's time for a hard look at that hole card.

NITL backs part of DOT package

The National Industrial Traffic League, which refused to support the carrier-backed Surface Transportation Act (S. 2362), has now given a diluted endorsement to the Nixon Administration bills (S. 2841 and S. 2842). But in so doing the shipper group tacked on important amendments.

Most importantly, the NITL rejected a key part of S. 2842, the regulatory reform bill: the proposal to establish "zones of reasonableness" within which rates may move up and down.

The league also tacked on a pro-rail amendment to another proposal in the package, that which permits easier entry into trucking.

The shipper organization said railroads should "be permitted to become certificated truckers if it is in their interest to move freight by truck rather than by rail between points served by a railroad" and without key point or grandfather-clause restrictions.

The league endorsed a third major provision of the package which would weaken the power of carrier rate bureaus.

The legislative positions were hammered out at a special membership meeting in Chicago Feb. 11.

Some observers felt that the NITL resolutions in these three key areas—rate-setting within zones, free entry, and removal of rate-bureaus' pricing power—weakened the already dim chances for enactment of the Administration bills.

Like NITL, regulated surface carriers oppose the "zones of reasonableness" concept. Unlike NITL, the carriers want to protect the present powers of rate bureaus.

Freer rail entry into trucking, as backed by NITL, is unlikely to be endorsed by railroads, no matter how attractive it may seem to them. Such an endorsement by rails would rupture the unity with motor carriers which they have achieved in an effort to push the Surface Transportation Act.

NITL endorsed, with considerable amendment, provisions of the Administration package which prohibit discriminatory taxation of carriers, create a loan-guarantee program for acquisition of rail equipment, and speed up abandonment of excess trackage.

In sum, the NITL action did not represent the solid endorsement of the government proposals that the Administration and the DOT had hoped for. There were even those in Washington who felt that NITL's support was sufficiently diluted that it would help rather than hinder the regulated modes' own proposals as represented in STA.

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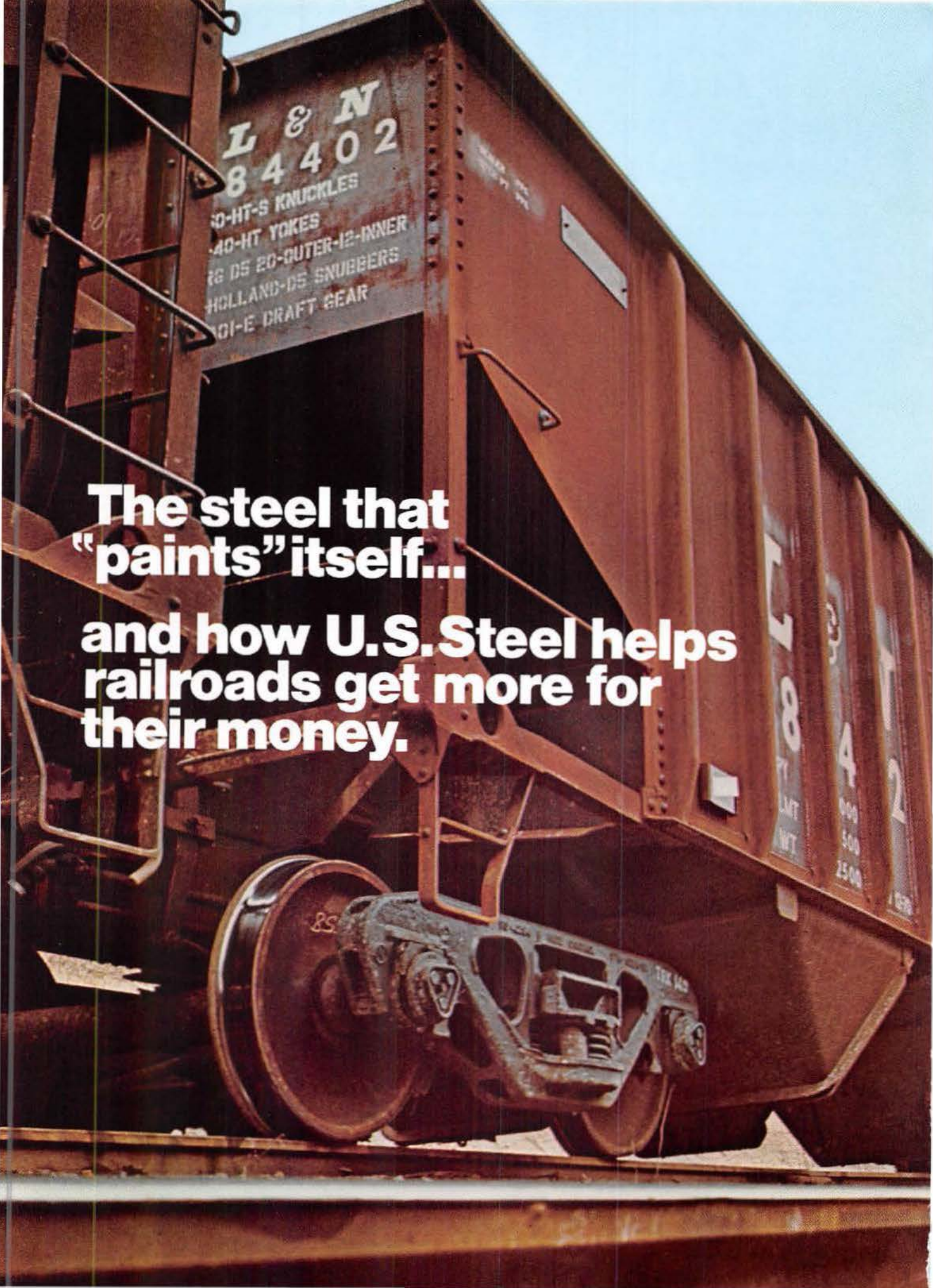

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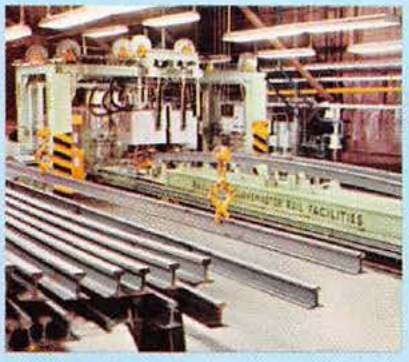

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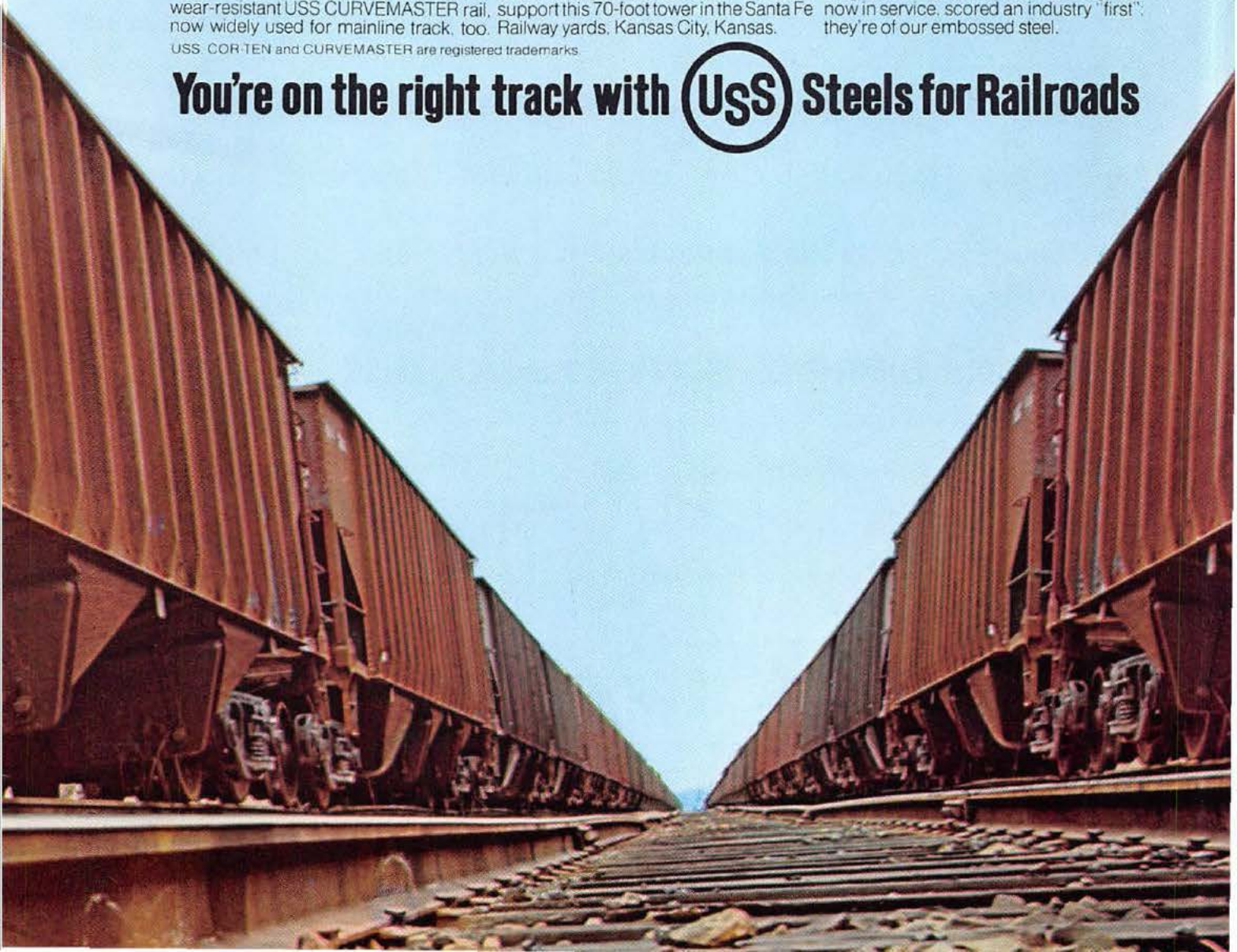

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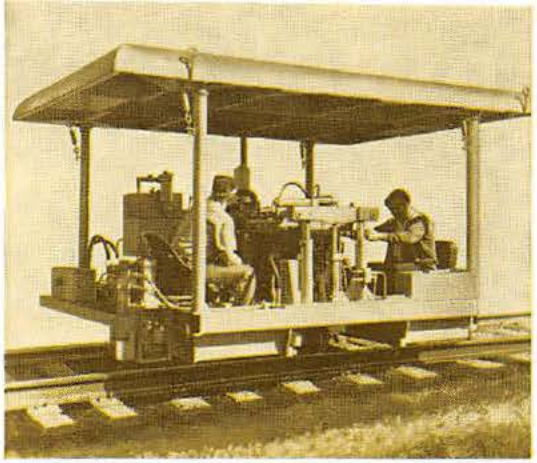
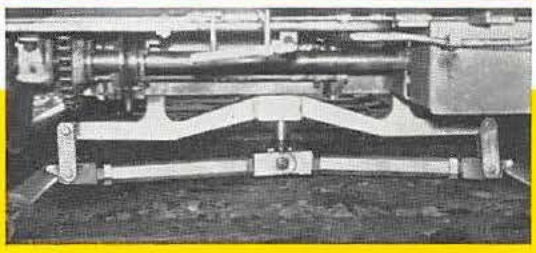
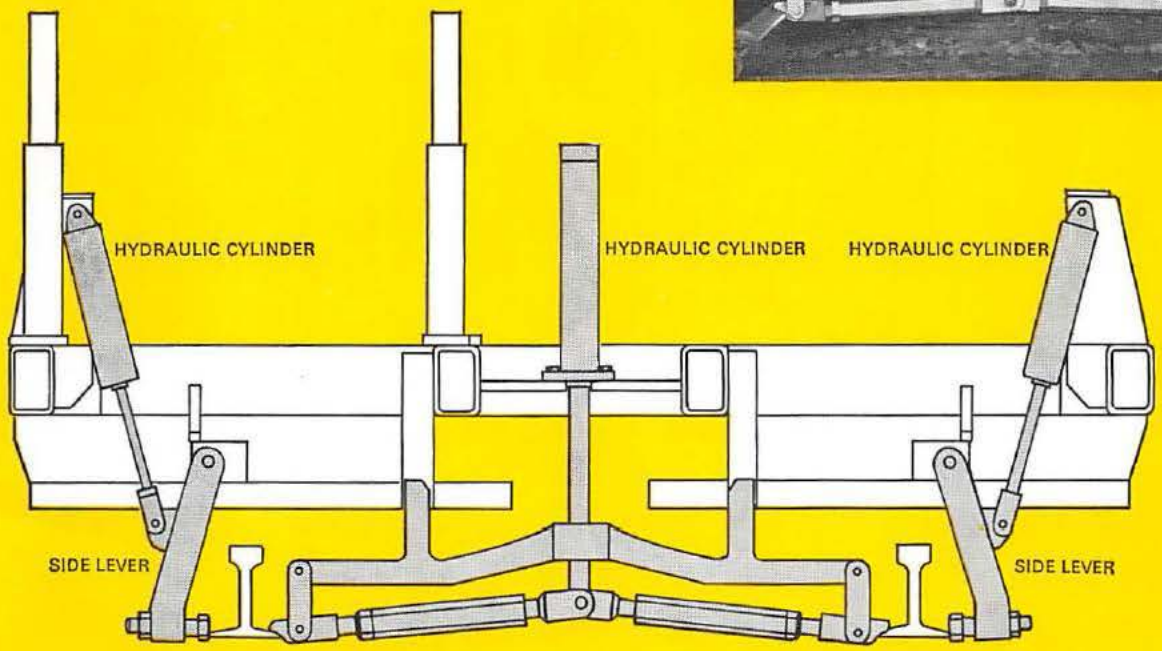
GAGE RAIL and SPIKE 20% of the TIES IN ONE OPERATION







***HOW IT WORKS:** Basically, the Gaging Attachment consists of an adjustable device which automatically sets gage between the rails, and produces uniformly accurate gage when laying any rail section, either in standard lengths or continuous welded rail.

The Gaging Attachment operates so that the outside shoulders of the tie plates are held tight against the outside edge of the rail base. Both rails are held firmly both inside and outside to assure that proper gage is being obtained.

When gaging is complete for a stretch of track, the Rail Gang Spiker may go back over the track to spike the remaining ties.

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For further details, call or write for Bulletin P-218

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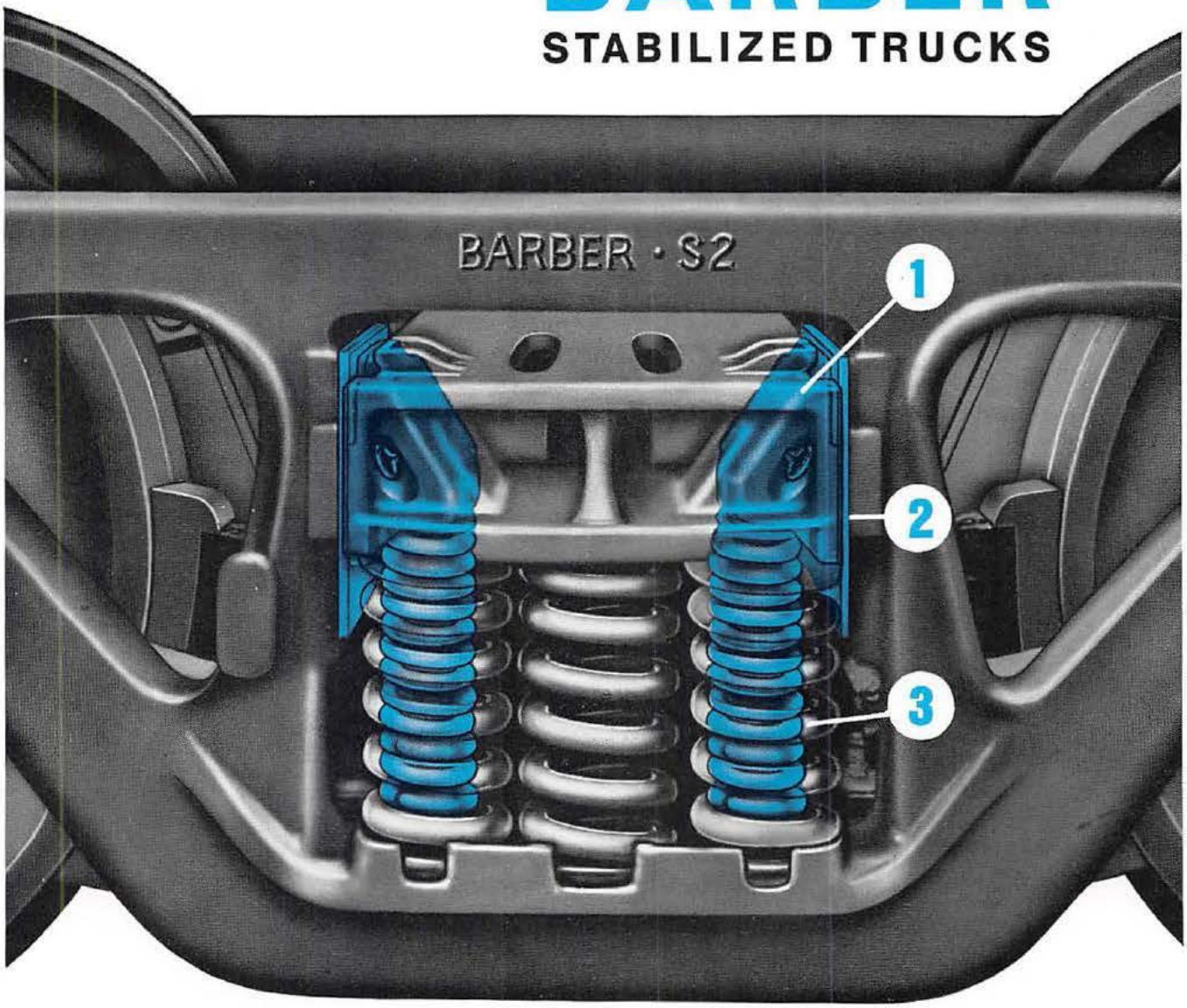

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Blending service and efficiency for profit

The Denver & Rio Grande Western was born in an era, so history books say, when men of note had to be straight-shooters—or else. Things haven't changed much in Rio Grande's territory in the 102 years since the railroad was formed. G.B. Aydelott, president and chairman of both the railroad and Rio Grande Industries, Inc. (the holding company formed almost three years ago), has to be rated as one of the better on-target marksmen around today.

Here, Gus Aydelott talks in matter-of-fact terms with Railway Age Associate Editor Bob Bartley about an industry, a railroad and a new enterprise whose futures, he feels, can't be anywhere but up.

Q. Industry appraisals of last year's performance have been somewhat mixed. What kind of a year was it for Denver & Rio Grande Western?
A. We—both the railroad and the Rio Grande Industries corporation—did quite well, better for that matter than in 1970, which itself was a pretty good year for us. Our '71 railroad net earnings increased to $15,529,086 on gross revenues of $109,541,294. The net exceeds the '71 net by 15.38%, making last year the best in our railroad's history. There's one big problem with that kind of performance, though.

Q. What's that?
A. That was last year. Now we've got to continue on and do even better this year. And I think we will. As a matter of fact, I'm looking for a 10% increase in net earnings. We ought to improve that much, and if we don't, then there's got to be something wrong with us.

Q. How do you think the railroad industry in general might fare this year?
A. I think it should do a whole lot better, especially with the 7% investment tax credit in effect.

Q. Getting back to Rio Grande itself, just how will the investment tax credit reinstatement affect your performance in the year?
A. Solely on the basis of the slightly over $12 million in equipment which we've ordered so far this year, the tax credit is going to amount to another 22 cents a share of holding-company common stock. And we still haven't developed the figures to show how the credit applied to ties and other new structures.

G. B. Aydelott, chairman and president: ". . . I'm looking for a 10% increase in net for the year"

Q. Did passage of the 7% investment tax credit last year influence your decisions on equipment purchases for 1972?
A. Believe me, the investment tax credit is nice to have, but we didn't buy equipment just to get it. We ordered on the basis of what cars were needed to make money. The Rio Grande equipment program for '72 includes 300 insulated box cars, 10 Airslides, 100 open-top hoppers for coal service and three Vert-A-Pacs. Also, 12 GP-40 locomotives will be delivered in April.

Q. What has been your experience with equipment financing?
A. By electing not to borrow any money for capital improvements back in 1970—a high interest year as you'll recall, with rates at 8-1/2% to 9%—we established a springboard for substantial equipment investments in both '71 and '72. In 1970, we decided to pay cash for 15 Vert-A-Pacs and 12 tri-level auto racks, rather than get into the money market when interest rates were so high.

Q. But, didn't this hurt you as far as serving the customer goes?
A. No. Actually, we got by 1970 without heavy investments while, at the same time, attracting more gross revenues. As a matter of fact, we were able to generate enough cash that year to eventually reduce our debt by almost $10 million. Of course, we've got a very modern, a very young car fleet, and that helped.

Q. Then the effects of your decision to hang back in 1970 and not enter the money market are being felt today. . .
A. Sure. This gave us a firm base so that we could bang out in '71 and '72, hit the market and renew our fleet where it needed to be renewed, which means buying the kinds of cars that are most profitable to us. So, here we are now with our debt back even. We can issue a $6.4-million equipment trust, bring in about $3 million in bonds at 7%—which means we missed the 8% to 8-1/2% rate—and not suffer when buying new equipment.

Q. You've long been an advocate of the short, fast train concept. Is this idea living up to your expectations?
A. We started running these customer-oriented trains back in 1963, with the idea that we should run a train to suit the customer. We set up new schedules and made operating changes that alarmed some railroads. Strangely enough, though, after two years of operating under this concept, although our train-miles had increased by one-third, our transportation costs hadn't.

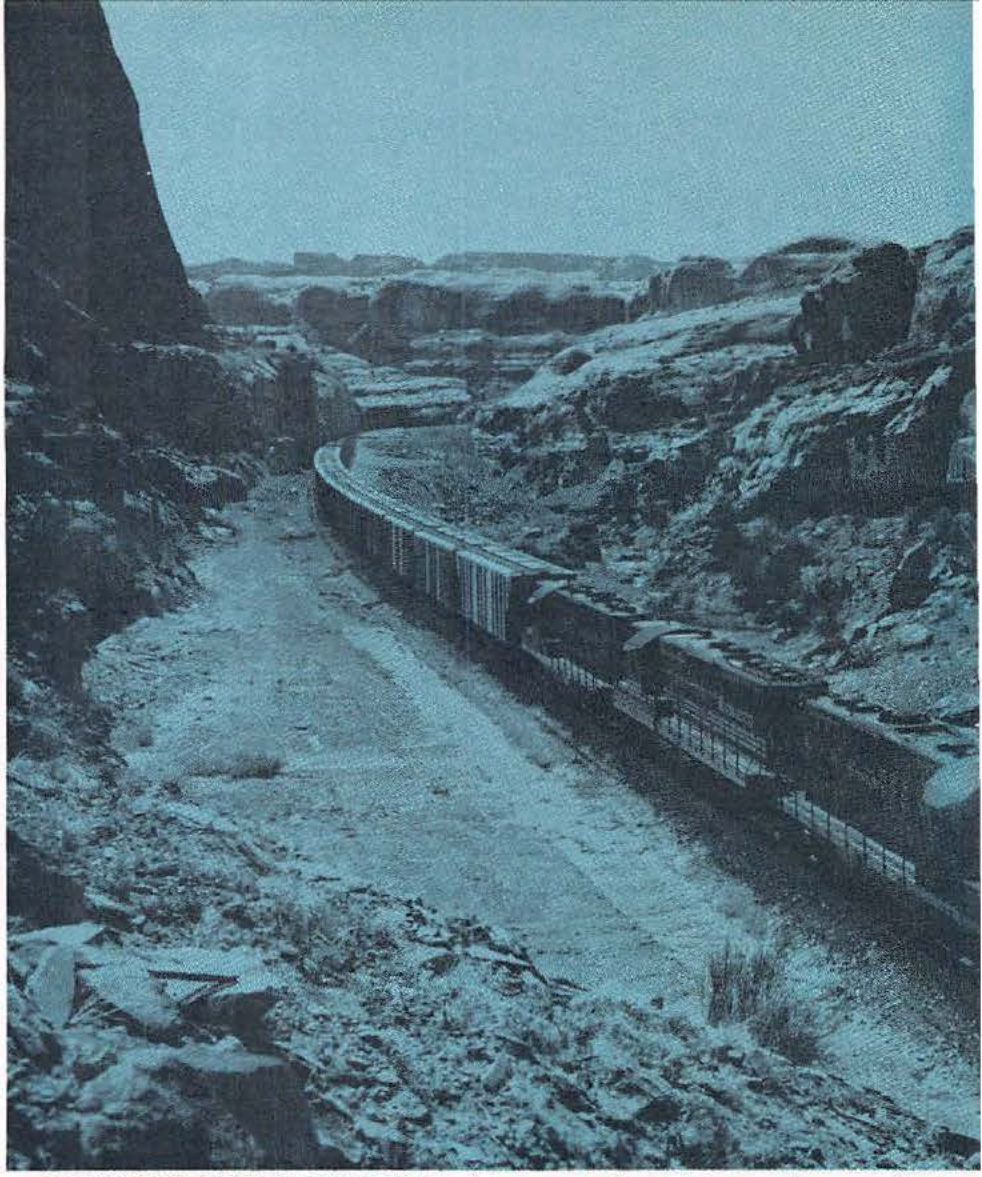
Q. Surely, though, some of your costs must have gone up. . .
A. Naturally, our costs for maintenance of equipment went up because utilization of equipment had increased. Also, since we're getting more miles per month out of our equipment, we've had to make more wheel changes. On the other hand, our utilization of power has improved so much that we don't need as many units as before. In 1970, for example, we had over 30 units out on lease to other railroads. Since then, we've been using these extra units as trade-ins for new equipment.

Q. Specifically, how have these short, fast trains permitted you to get by with fewer units?
A. It's simple. Instead of taking any-

where from 30 hours to 32 hours to make a run with a heavy train, and having helpers out in the boondocks to get up steep grades, we can take only 14 hours to make the same run with the short, fast trains, and use less power.

Q. Is there such a thing as a trend in the selection of locomotive power on Rio Grande?
A. Our entry into the unit-train business for coal in the late '60s meant that we had requirements for units in the high-horsepower range. I think we ordered 20 SD-45s at the time, and they are great for that service. We had a few left over, and are using them for red-ball service. We're reverting to the lower horsepower GP-40s now. We got eight of them last year and, of course, 12 are coming this year. We feel that the added cost of the SD-45 is not justified unless you've got the kinds of train that can use them. While we put more horsepower in trains than do most other people, because of our terrain, we don't like to waste it—because that's a waste of money.

Q. Then the terrain of Colorado and Utah, the two states where most of your operations are, has a decided effect upon how you operate?
A. Yes, you do need more horsepower in our territory. There are places where we've got some 25-mph maximum speeds, with 10-to-12-degree curves and no way can we go any faster. Also, in such places, we have about the same restrictions for braking speeds. Of course, out across the 1% grade country—which is flat country for us—we can make a 70-mph track speed.



RIO GRANDE's FREIGHT-CAR FLEET is relatively young. Covered hoppers shown near Moab,

Q. How is traffic apt to develop during the year?
A. Coal looks good right off the bat, and this traffic should increase. I'm looking for improvements in export coal traffic, although, coal to Japan may decrease somewhat. Export coal, by the way, is a small part of our total coal traffic, but, of course, we sure wouldn't want to lose it. I think it will be the steel mills—we serve three of them—who will be the key to the success of coal business in the year. Electric generation using coal has to pick up, maybe not in '72, but surely in '73. We've got to be ready for a doubling in the use of coal. Beyond that, I feel that if we can take our basic traffic—coal, grain, lumber, and so on—and then build other traffic on top of that, we simply have to grow in the year. If we can hang in with those items, and participate in the automobile and auto-parts business along with other high-rated commodities, we're going to make it big.

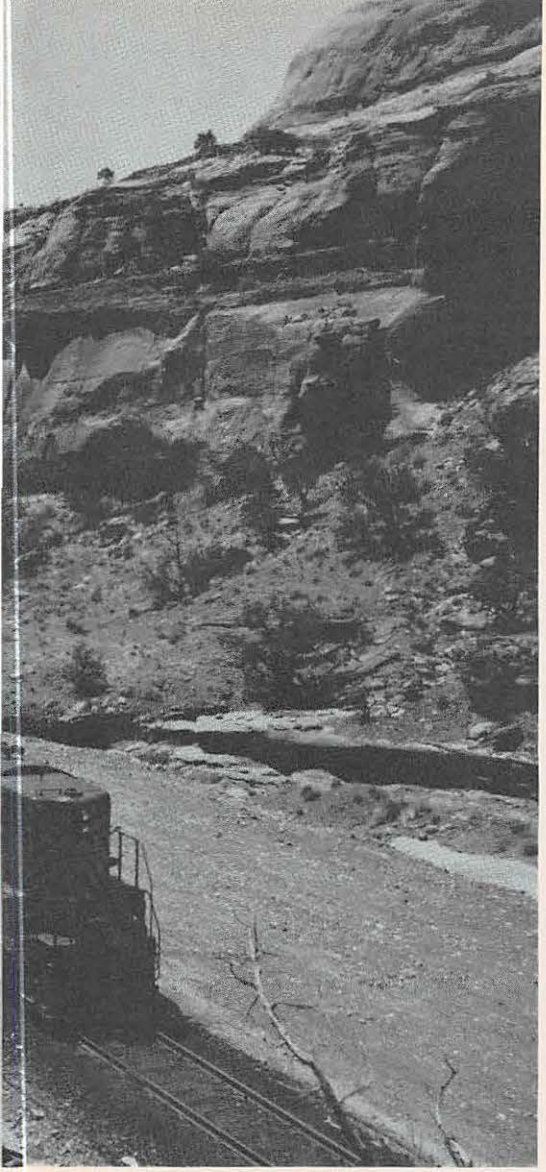
Q. Have you had any operating problems with unit coal trains?
A. No, there have really been no operating problems. Of course, we've been putting more miles on the cars, and we've had to make more repairs. We're making a 92-hour turn-around with the Kaiser Steel unit coal train from Sunnyside, Utah, to Fontana, Calif. We've got 100 cars in that service with five of them out of service at all times for repairs. We used to run 500 cars in this trade, with a 14-day turnaround. Now we've got 100 cars and they just keep grinding out the miles, which puts a lot of pressure on maintenance.

Q. What can be done to reduce these repairs?
A. We've already strengthened the guts of the cars, their bolsters and their roller bearings, for instance. Draft-gear wear is starting to show, so we're planning on the next go-round to include these items in the high-cost category when setting rates for these unit trains.

Q. What is the real secret to success in operating unit trains at a profit?
A. Planning. Our marketing analysts worked something like a year on scheduling our first unit train in 1968. We haven't had a single problem with scheduling these trains since then. I have never seen anything come out so well in all my time on the railroad. Our post-audit showed us 1% to the good as far as predicted profits go. On one train, its contribution to overhead has been just as predicted, while another one is something like three-tenths of 1% to the good. Maintenance costs may catch up to these trains, but I don't think they'll affect them too much.

Q. Do you see a potential for any other unit-train business?
A. We're already participating in automobile and auto-parts movements by unit train. We'd like to see a unit train of ore develop for CF&I Steel out of Pueblo. Also, we'd like to develop a unit-train operation for finished steel out of U.S. Steel's Geneva, Utah, mill. Unit trains work best for you if they originate in your own territory. Of course, the auto-parts train works okay, too, as long as the connecting lines deliver on time.

Q. The national railroad merger picture



Utah, have an average age of 4.6 years.

seems to be clearing up, except. . .
A. . . .except for the Union Pacific-Rock Island case.

Q. Yes. Has your stand changed at all?
A. No. We're dead set against that merger. If it should happen, our ability to compete with the UP in the central corridor would definitely be affected. If the UP should get the Rock Island—and we sure hope they don't—then we'd want that part of the Rock Island that would get us to the Missouri River. Surely UP wouldn't want that part since they've already got two routes, and why would they need a third one?

Q. Government is making itself felt in many ways these days—in equipment, property, operations, and elsewhere. Rep. Wright Patman, of the House Banking and Finance Committee, has stated that he doesn't feel transportation companies should be permitted to diversify into non-transportation activities. In light of your recent formation of Rio Grande Industries, Inc., a holding company, how do you view this stand?
A. Supposing we should stick solely to railroading, a business that generates cash. Ever since we went into receivership, we've had excess cash, and if it just sits there, it can earn 5% to 6%. But, why doesn't that money belong in real estate development where it can earn as high as 45%? I've got stockholders who have a right to something. And, by golly, this is a free-enterprise system, and there's the right of the investor to a good return. So why not let the investor earn from transportation, real estate, and everything else at the same time?

Q. Why do you think the government is taking this attitude toward diversification?
A. Because they believe diversification caused the bankruptcy of the Penn Central. Personally, I believe the Penn Central lasted another year longer by using its money for something other than transportation.

Q. Although you're diversifying, Rio Grande Industries is still mostly a railroad, isn't it?
A. Yes, about 96% of our earnings come from the railroad. Other than that, we've got the Leavell Development Co., which is in real estate, plus Rio Grande Motor Way in trucking, and Computer Sharing Services, which makes commercial data processing available to Denver businesses on a time-sharing basis. This past year, we acquired Arrow Development, which manufactures fixed-place rides for amusement parks, for Disneyland, Disney World and so on. So, we've got good balance in our corporation, although I still want to see us acquire one more cash-generator. We need diversification because you're deprived of the ability to have growth when you are in transportation alone. Really, the only way you can have growth in the railroad industry is to have one helluva bad year and then come back and do better the next year.

Q. Are the new Federal track standards likely to have any serious effects on your operations?
A. Actually, they don't affect our mainline tracks at all, and I don't think they'll give us any trouble on branchlines, either. If we have any problems, they'll probably be in our yards. Something we don't like about the rules is the breakdown of the speed categories: I don't think 10 mph is a good distinction between Class 1 and Class 2 tracks. It should be at least 15 mph. Another thing, too—I'm afraid we'll probably have to add some clerks just to keep up with all the reports.

Q. You don't seem to be too happy with these standards. . .
A. Quite frankly, we on the Rio Grande don't like to have anybody telling us how to maintain track. We think we know better. In some ways, the rules don't approach what we've already set as our standards. For example, they call for mainline or second-class rail to be inspected by a detector car once a year. We already do ours three times a year with one of the Sperry cars. And we're getting this car up on the branchlines, too, because we think inspections there are worth it.

Q. The new equipment standards haven't been circulated yet, but how do you think they may affect you?
A. We're lucky, because we've got a modern fleet of cars. Here again, though, the thing that bothers me is that these safety rules are being forced upon us by an outside agency. Don't they realize that we're trying to run a railroad at a profit—there's no other way, you know—and you can't do that if your tools, meaning your equipment, aren't in good, safe operating condition.

Q. And then there's Amtrak. . .
A. Yes, and that shouldn't have had to happen. The rail passenger problem in this country could have been handled with direct subsidy, and it would have been cheaper. The railroads were losing $280 million a year on passenger service, and nobody believed them. So, Amtrak takes over, thinking it won't lose as much. And in six months the loss is doubled on half as many passenger train-miles operated.

Q. You elected not to join Amtrak. Why?
A. We simply didn't like the contract they offered. There were too many "ifs" and "ands" and argumentative phases. I would have had to pay $1.6 million to join, stay in for three years, and maybe save $700,000 a year. But that contract was too wide-open for me. We did our homework and decided we couldn't use a contract like that. So, we're continuing to run our own train, at a loss.

Q. As far as freight-rate increases are concerned, some say that across-the-board increases are out. Do you think selective increases are in?
A. I still think that, procedurally, the best way to do it is to first go across-the-board and then come back and make your selective adjustments.

Q. What are your views of the impact work rules changes may have upon operations?
A. Well, first of all, let me point out that the proposed work rules are not yet in effect. But they represent a good step down the right road. We need to get more productivity. And when productivity catches up with wage increases, we can start cutting rates selectively—and then we'll start to get more volume. Someday, we have got to reach that point.

Denver & Rio Grande Western

Catering to the customer is good

Although it's flanked on the north and south by some of the nation's largest and best-run railroads, the small-by-comparison Denver & Rio Grande Western is not by any means being outflanked in the transportation marketplace. Through a parlay of good planning, good service and good cost control, Rio Grande is steadily increasing its traffic volume, and in the process, is posting record revenue and profit gains.

Last year, for example, the already-financially-sound road chalked up the highest earnings in its 102-year history—$15.5 million, a 15.4% gain over 1970. Looking back now, this may seem like a tough act to follow—and it is. Yet, the management team at the road's Denver headquarters doesn't bat an eye when Chairman and President G.B. Aydelott says that in 1972 they'll top last year's record by 10%.

• **Emphasis on service.** If there's such a thing as a secret to this success, then it lies in the Rio Grande's complete dedication to marketing the transportation service, says William J. Holtman, executive vice president and general manager. "The philosophy of this organization," he says, "is that the transportation and operating portions, in their entirety, exist for the sole benefit of the traffic department." This was spoken, by the way, by a man who has done just about everything on the railroad except sell. A metallurgist who subsequently become a trainmaster, chief engineer, chief mechanical officer, division superintendent and, finally, vice president-executive department before being elected in 1969 to his current position, Bill Holtman wants his railroad geared to serve and benefit the customer.

A prime example of the customer orientation that exists on the Rio Grande is the short, fast train. Introduced in 1963, this concept has since set the pace for all the road's operations. But, just how fast is fast? As an example, the 570-mile run between Denver and Salt Lake City, a major traffic corridor, is made in 13 hours. "And those trains are reliable, too," Holtman is quick to point out. (This freight schedule, by the way, is one hour faster than the money-losing non-Amtrak passenger train which Rio Grande must run thrice weekly between the two cities. But the passenger train makes nine stops between terminals, and it's unlikely that passengers complain about the extra hour of travel time, because the run is made through some of the most scenic countryside in the world.)

THIS UNIT COAL TRAIN—one of six—originates in Sunnyside, Utah, where its 84 100-ton cars can

And, how short are Rio Grande's short, fast trains? "We'll run one- and two-car trains from Denver to Salt Lake City or Ogden to make a connection when a shipper gets word to us about a vital shipment," advises Holtman. "Of course, we know we're lowering profitability factors on these trains, but sometimes it's good business to give service such as this."

Generally, of course, Rio Grande freight trains are much larger than one or two cars—although, except for unit coal trains, they won't exceed 5,500 tons. An everyday general merchandise train from Salt Lake City to Denver, for example, will haul 600 to 1,100 tons. And this is quite a short train, by any man's standards.

• **Efficiency doesn't suffer.** Contrary to what some railroad operating people might think, operation of short, fast trains doesn't mean that a sacrifice of efficiency must be made. Rio Grande's operating ratio always ranks with the best in the nation. Last year's was 66.5%, down from the previous year's 67.4%. "Profitability depends on customer service, and it's possible to accommodate customer service with operating efficiency," Holtman says. "We on the Rio Grande aren't hung up on achieving profitability by adhering to the traditional indices of railroad operations—which in the long run may discourage people from shipping on the railroad."

You might classify the Rio Grande as moderate-size, although some of its people have a habit of calling it small. This is understandable. With the likes of the UP, Burlington Northern, Santa Fe, Missouri Pacific and Southern Pacific, not to mention the Rock Island, all around you, you could easily be coerced into thinking of yourself as small. Rio Grande is, however, a rather formidable equipment owner, as suppliers across the nation know. It has a 203-unit locomotive fleet and its car fleet numbers 8,835. And it has over 1,900 miles of route.

Railroading on the Rio Grande is

business

be loaded in 50 minutes.

W. J. Holtman, executive vice president and general manager: "It's possible to accomodate customer service with operating efficiency."

C. R. Lennig, vice president-traffic: "We're not standing here on a big nut—we've got to get out and work . . ."

unlike railroading anywhere else in the nation. About two-thirds of its track mileage is in Colorado, a state with a mountainous area six times that of Switzerland. What was once said about West Virginia—"Take a flat iron to it, and it would be bigger than Texas"—could also be said about Colorado. Furthermore, much of that portion of Utah in which Rio Grande operates could hardly be termed flat. Aside from tough terrain, there's also wind and weather to battle. All in all, it's the type of rail operation that requires a wealth of skills.

While it certainly performs a fantastic job of scooting across and through the backbone of the Rockies, linking western gateways and eastern outlets, Rio Grande can't lay claim to being the only conqueror of these majestic mountains. There are competitors for this mountain-crossing trade, and they also know a thing or two about marketing transportation services.

• **D&RGW, the bridge.** Essentially, Rio Grande is a bridge railroad, with key connections for transcontinental traffic at Pueblo, Colorado Springs and Denver, on the eastern approaches to the mountains, and Salt Lake City-Ogden to the west. There is keen competition for the traffic that must bridge these mountains. As C.R. Lennig, vice president-traffic, explains: "About 47% of our business is competitive overhead, or bridge, traffic, and 75% of our total business is competitive—very competitive. Believe me, we're not standing here on a big nut—we've got to get out and work for that business. And we must keep moving all the time to meet our sales goals."

There's more to the Rio Grande operation, of course, than just bridge traffic. Both Colorado and Utah are growing at such a rapid pace that some of the long-time residents are starting to worry about the area losing its edge-of-wilderness personality. But, industry—and people—keep coming, and industries already there seem to keep growing. In the last decade, for example, lumber and wood products employment grew almost 40%, manufacturing forces gained a whopping 271%, and stone, clay and glass employment rose over 54%. Others, like electrical, textiles, leather goods and, of course, industries related to recreation, especially skiing, are growing and creating new demands for employees.

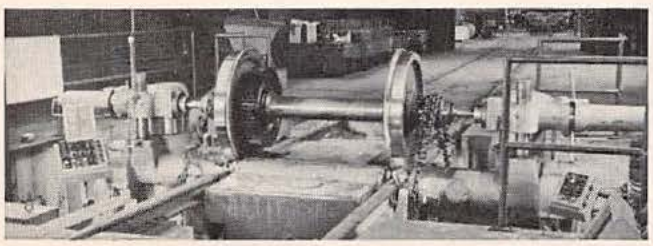
The effects of the desire to live and work in Colorado and Utah are being felt by the Rio Grande, too. More industry means more traffic for the railroad. And the lure of the mountain country and its exceptional climate make job-recruiting an easy task for the Rio Grande. "We always have a file-full of applications from people on other railroads who want to settle out here," says Holtman. Thus, it's easy to understand why recruiting and training aren't high expense items on the Rio Grande.

• **Market specialization.** To keep abreast of the growing markets on-line as well as off, Rio Grande began in the late '60s to assign specialists to some of its more important traffic segments. Today, highly-qualified market directors keep close tabs on fuels; vehicles and transportation equipment; minerals; construction materials; TOFC; manufactured products; government traffic; and food products. Some of these specialists are located in the Denver headquarters, while others are off-line in cities where their marketing efforts on the high-volume traffic items will do the most good. For example, the market director for vehicle and transportation equipment is headquartered, naturally, in Detroit.

It was the discovery of gold in the Colorado Rockies near Denver and Pike's Peak that led to the formation of the railroad in 1870. Today, as is true on railroads from coast to coast and border to border, it is coal that brings a gleam to the eyes of Rio Grande people. Coal abounds in Rio Grande territory, and there's a heavy demand for it. On the east side of the intermountain valley, huge coking coal deposits exist all the way from Grand Junction, Colo., to Sunnyside, Utah. On the west side, there's low-sulphur, steam-generating coal, from Huntington through Helper to Castle Gate, in the heart of the Utah countryside where the original Butch Cassidy once dodged bullets and deputies.

Rio Grande either operates or participates in the joint operation of six unit trains serving coal mines. One, which originates in Sunnyside where its 84 100-ton hopper cars can be loaded in

Continue to shape 'em up



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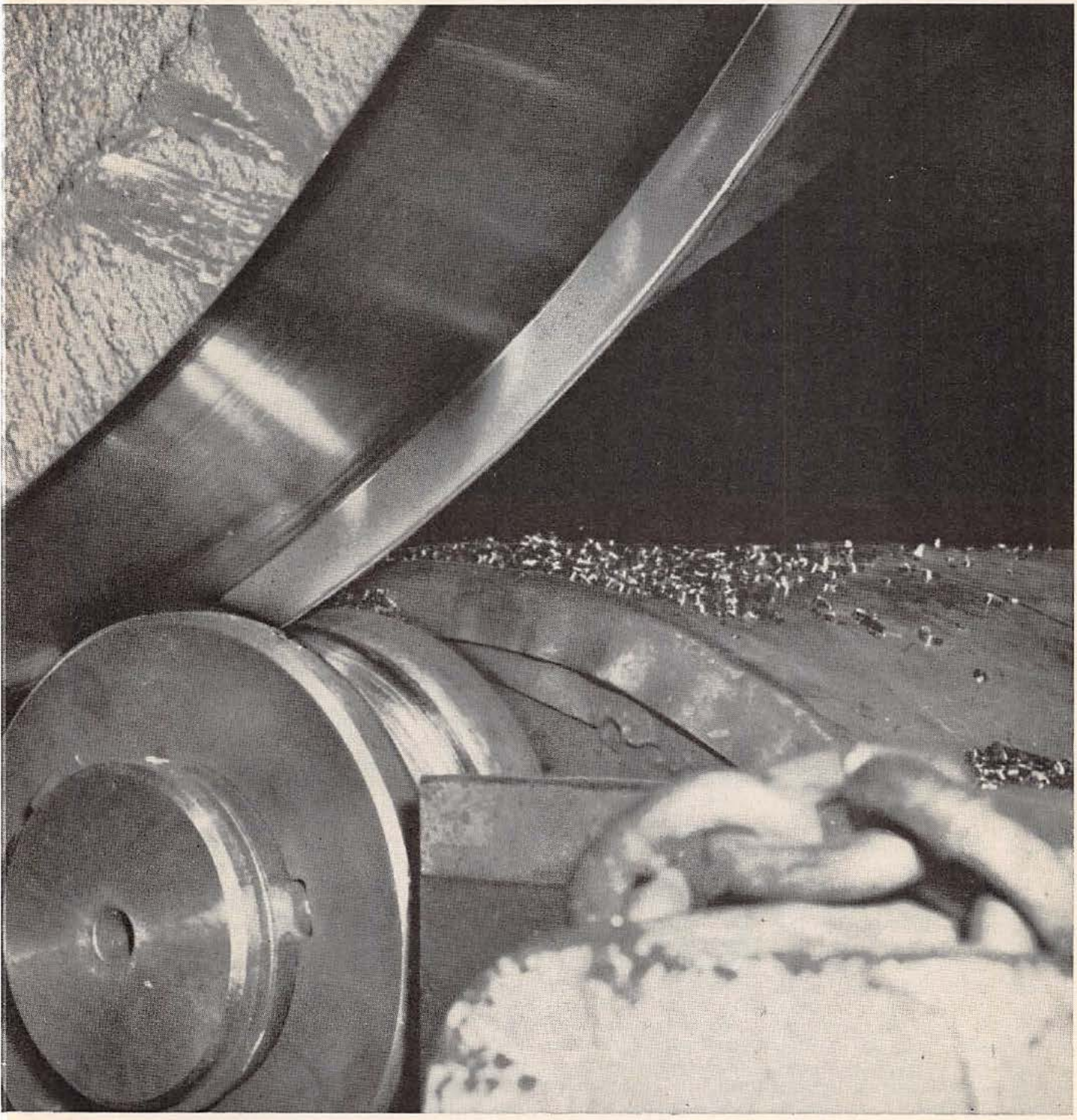

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How much of your rolling stock can a Standard Wheel Truing Machine handle? All of it . . . locomotives, box cars, flat cars, gondolas, mining cars, commuter cars and rapid transit cars. If it rolls on rails, Standard can help you keep it rolling for less.

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50 minutes, is said to be part of the fastest coal-loading operation in the world. This train serves a Kaiser Steel plant in Fontana, Calif. Another unit train, consisting of 75 cars, also operates out of Sunnyside bound for Los Angeles carrying export coal. A third one, using 84 100-ton cars in a two-train shuttle operation, delivers 4,000 tons of coking coal five days a week from CF&I Steel Corp.'s Allen Mine, near Trinidad, to the steel firm's Minnequa plant at Pueblo.

• **Planning is the key.** The remaining three unit trains operated by Rio Grande deliver coal to the U.S. Steel Geneva Works near Provo, Utah. They originate at three different mines that vary in distance to the steel plant from 117 miles to 360 miles. It took better than a year of planning to prevent this operation from beçoming a logistical nightmare. The timing has been set up with such precision that cars operating on one of the three legs can be assigned on the run to another of the legs, and they don't skip a beat. Altogether, six 3,600-hp locomotives and 320 hopper cars perform in this operation, and you'll never find too many of them sitting still during the work week. The scientific approach taken by Rio Grande to establish this closely-coordinated operation means that only about one-fourth the number of cars once felt necessary are now required.

Rio Grande is designing its unit trains to get "total performance" out of them, advises G.A. Bennewitz, Jr., market director-fuels. There's no reason any more for detaining expensive coal-carrying cars in ports for up to 60 days and free of charge, he contends. The idea of a unit train is to "optimize the use of capital resources" as well as to keep operating costs to a minimum. Today, railroads—and ultimately, the shipper—can't afford to have $15,000 freight cars making one revenue haul every two months. This would mean that, during the lifetime of a 15-year contract, these cars would make only 90 trips, he adds.

The 84-car unit coal train operation out of Sunnyside makes 1,600-mile and 1,800-mile round-trips in just four days. "The capital investment in these cars is being used for its intended purpose—pure transportation, not storage," Bennewitz states.

• **"Young and flexible."** To serve other key markets, Rio Grande is, in the words of Clarence Lennig, "keeping our fleet young and flexible." Its insulated-box-car fleet has an average age of less than four years. Large-cube covered hoppers have an average age of 4.6 years, and the DF-box-car fleet averages out to less than nine years. Furthermore, the road is one of the original Vert-A-Pac purchasers, and when three more are delivered this year, its fleet of these highly-specialized auto carriers will reach 18 cars.

Lennig has three equipment-planning specialists in his department who keep a close watch on equipment needs: "They'll determine what we may have to buy this year, next year, and so on, based on information supplied by our sales people. We also have a man assigned, by the way, to analyze customer reaction to our service."

Many of the cars purchased by the road will go to off-line customers. "Our needs for equipped box cars on our own system aren't very great," Lennig explains. "So we buy them for shippers perhaps in California or Pennsylvania." Everything the Rio Grande hauls in these cars is audited to make certain that cars on assignment are getting proper utilization.

• **Growth in TOFC.** One of the bright spots of the past year was trailer-on-flat-car business. It was up 15%, and the prospects for this year are good. Helping to boost the level of TOFC traffic was the development last year of steel movements in trailers out of the CF&I plant in Pueblo going to Utah, with a back haul of steel in the same TOFC equipment from the U.S. Steel plant near Provo to Denver. This business is not only boosting TOFC traffic, but it's also helping improve equipment utilization, Lennig adds.

Along with this new TOFC business, Plan 4 piggyback is increasing, and container moves are on the rise, although slowly. There's a good TOFC business developing in the area of stuffing and re-stuffing (consolidating), Lennig feels: "Distribution, and mixing of trailer and container loads, are traffic features that will continue to show above-average growth."

Because of their freeport laws, both Colorado and Utah are major warehousing states. Rio Grande, along with UP, serves Freeport Center, at Clearfield, Utah, which is said to be the largest warehousing and consolidating complex in the world.

Moderate-size Rio Grande doesn't have to take a back seat to any of the large roads, either, as far as application of new technology is concerned. One of the first roads in the nation to have its system fully blanketed by microwave, Rio Grande is now planning several projects which will require an entirely new—and much larger—computer system. Later this year, the road's headquarters, as well as the corporate offices, are scheduled to move into a new building complex, Park Central, in downtown Denver. A new IBM 370/45 computer, which is much faster than what the road now has, will be set up in the new building.

Centralized train dispatching will be accomplished by the time the new building is ready for occupancy, Holtman says. The road's first aci scanners were installed in December at Roper Yard in Salt Lake City, and this control system is now being evaluated. And several other yard control projects are also under study, although no specific installations are planned for 1972. Finally, close to $200,000 was spent last year to correct a potential water-pollution problem at the Denver diesel shop. "There's a need for railroads to recognize the urgency of pollution control," Holtman says. "We must anticipate our needs in this area and correct any problems before there's Federal intervention." ■

FEBRUAY TRAFFIC POLL

What shippers want (and don't want) from Congress

Shippers are anxious to have Congress help the railroads acquire massive new fleets of freight cars and otherwise ease the carriers' financial aches and pains. But they are determined that their own interests as customers of the railroads will not be hurt in the process—and right now they see these interests threatened by certain provisions of the carrier-backed Surface Transportation Act, which has been introduced in Congress as S. 2362 and H.R. 11207, the Hartke-Adams bills.

Their main worry is over the regulatory aspects of the STA, whose 10 major provisions include two calling for (1) a requirement that domestic water carriers of dry bulk commodities, now exempt from regulation, publish rates and have their ownership investigated by the ICC; and (2) a requirement that motor carriers of livestock and agricultural products now exempt from regulation be brought under ICC rules.

There are other parts of the STA to which the National Industrial Traffic League has taken exception, but it was these two that provoked the sharpest individual shipper reactions in Railway Age's February Traffic Poll.

By an overwhelming vote of 34-7, a cross-section of leading shippers polled by Railway Age supported the NIT League's action, taken several weeks ago, refusing to support the STA as a whole. Most of them indicated they would support, as a happier though not perfect alternative, the Administration's proposed Transportation Regulatory Modernization Act, S. 2842, with amendments suggested by the NIT League at a special membership meeting in Chicago Feb. 11.

The Railway Age poll suggests that the gap separating carriers and their customers on regulatory change is deep, but not unbridgable. Compromise on both sides could produce a united front in Congress. But at the moment the only visible unity is on freight-car procurement legislation.

• **"Crapshooting at the Cross."** The fact that the controversial STA has the support of regulated truckers and water carriers as well as railroads is not one, several shippers emphasized in their replies to Railway Age, to make the shipping community rest easy.

Said A.M. Ribe, director of transportation for Vulcan Materials Co., Birmingham, Ala.: "It is reminiscent of the crapshooting at the foot of the Cross for the Lord's few worldly possessions."

"Less regulation, not more; more competition, not less."

Like many others, Ribe complained that the STA legislation was drafted "by the carriers and without consultation with shipper representatives and does not fairly take into account shipper needs and desires." While he found S. 2842 preferable, he saw pitfalls there, too—e.g. "the revised rate-making rules setting up an arbitrary zone of reasonableness directed solely to unknown cost standards."

C.R. Ellenwood, Jr., manager of transportation services for the American Plywood Association, Tacoma, Wash., compared the STA variously to "a grocery list" and "a letter to Santa Claus." Said Ellenwood: "S. 2362, although good from the standpoint that the various modes finally agreed on something, fails to reduce regulation but does limit shipper protection. . .We do realize transportation companies need assistance; however, we feel this assistance is more acceptable in the provisions of S. 2841 and S. 2842 although we do not accept S. 2842 verbatim." (S. 2841 is a companion Administration measure designed to give railroads aid in beefing up their equipment fleets. It is the shippers' position generally that these two bills contain all that is good in the STA bill, while eliminating some of the latter's objectionable features.)

• **"Unregulated service is better."** J.R. Scoggin, vice president-traffic of the Peavey Co., Minneapolis, is another who thinks that "the fact that railroads, trucks and a small segment of water carriers supported S. 2362 does not necessarily mean it is good." His specific complaint: "I am opposed to extending regulation to agricultural-exempt and bulk-exempt transportation, because our use of these indicates that service is better, more economical and more responsive to our needs than regulated carriers offer—and at least in case of unregulated water, the carriers' ROI is much better. Thus I favor a relaxation of regulation which places more responsibility on carrier management and less on the ICC."

Others made substantially the same point.

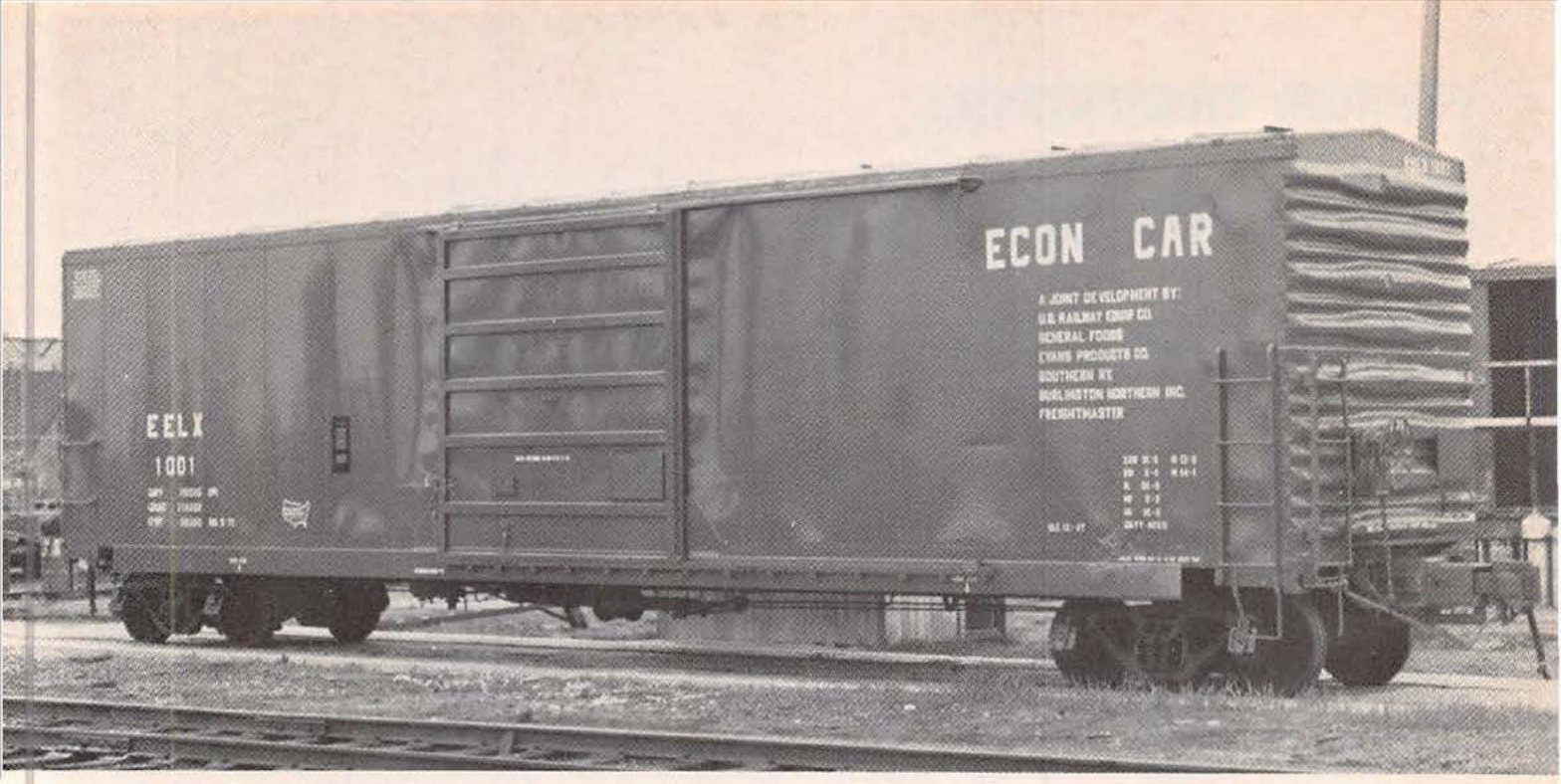
C.J. Harriss, vice president-transportation, Continental Grain Co., New York: "STA seeks to extend and increase regulation when it appears clear that what we need is a reduction in regulation. Note that approximately 90% of barge traffic and 60-65% of truck tonnage moves efficiently and competitively without the 'benefits' of Federal price fixing. Such traffic is alive and well. I have yet to hear of years of repetitive Senate investigations into shortages of barges or trucks." Harriss said he supported "the bulk" of S. 2842, commenting: "It is difficult to accept that Congress would seek to solve rail problems by legislating more regulation and less competitive opportunities."

Carter M. Harrison, manager of transportation for the Louisville Area Chamber of Commerce: "Any package such as S. 2362 agreed to by all modes (under Congressional pressure?) is bound to be self-serving and no permanent solution to transportation ills. . . Any change in transportation law has to be done on a 'total concept' basis with a systems approach. Our present regulation is a jerry-built structure."

Carmine Dragotta, director of traffic, Bristol-Myers Products, Hillside, N.J.: There is "nothing in the STA legislation for shippers; it is strictly carrier legislation." But S. 2842 "finally promises shippers some relief from rate restrictions and rate bureau control, and through the free entry provision may bring competition into the market."

J.F. Rowen, traffic manager, Foremost Foods Co., San Francisco: "The NIT League is correct in opposing or not supporting the Surface Transportation Act. There are features of this act detrimental to shippers, farm interests and the general public. We opposed specifically the measure removing the

(continued on page 52)



EXPERIMENT IN ECONOMY resulted in conversion of car, adding FreightMaster end-of-car cushioning, spray-on insulation and Evans pneumatic

Major shipper spearheads drive for

Econ Car Specs

- 50-foot car reconditioned to provide a 15-year life.
- Sliding doors 10-feet wide with a minimum 9-foot 4-inch vertical clearance.
- Roof exterior painted aluminum to reflect heat.
- Insulation: 2-lb closed-cell polyurethane. Thicknesses as follows: Roof—3 inches; Floor exterior—1 inch; Sides—4 inches; Ends—5 inches; Door exteriors and interiors—2 inches each. The interior insulation will be poured in place. Hardwood strips 3 x 1 inch will be placed on 18-inch centers parallel to the floor along the side walls to act as rub rails for pallet ends. A kick plate the width of the car and approximately 6 inches high will be placed on each end wall to prevent damage by lift-truck blades. Door posts will be covered with 10-gauge steel plate formed to fit doorway configuration and prevent damage to side walls and door posts.
- Flooring: Decking support must consist of three stringers and floor is to be a minimum of 2¼-inch tongue-and-groove lumber, or equivalent.
- Bulkhead: Single or Dual Air-Pak with 26½-foot cleanable floor track.
- Cushioning: 15-inch FreightMaster End-of-Car, or equivalent.
- Trucks: Reconditoned 50- or 70-ton capacity D-3 stabilized, or better.

Railroads stand to handle over this decade one class of traffic that can be expected to require twice as many cars as are now assigned to it. Combine that with the fact that the cost of the traditional type of car involved, which as gone up about 35% in the past ten years, can be expected to continue upward, and you see emerging the sort of quandary that so frequently confronts the capital-short railroad industry.

The traffic is food products and the cars are the so-called grocery industry insulated box cars (AAR classification RBL). In 1961 this type of car cost $18,000. By 1971 it was costing nearly $25,000. By then, too, railroads were cutting back on car acquisitions in the face of declines in the general economy and in their own finances. Complicating the problem has been the increasing sophistication of grocery-industry car specifications that tended to drive the per-car price up even more rapidly.

A development task force spearheaded by a major food processor and six railroad industry representatives has just come up with recommendations for a car that is claimed to fulfill most of the requirements of the grocery-industry car and do this at 40% less cost.

Hence the name "Econ Car" which is stencilled on the blue prototype that is now running regularly between food plants of General Foods Corp. and the company's distribution centers. The concern of a major shipper that led to development of a more economical design, says Howard Jones, GF director of corporate traffic, results from the already tight supply of grocery-type cars. The rail share of the food industry traffic alone already runs 56% by volume. And although there are about 35,000 cars of all types in the industry's service, it is anticipated there will be more difficulty in obtaining the necessary equipment as time goes by.

• **What to do?** More difficulty, that is, unless there could be some means of producing a car that would do what the food industry needed at a price the railroads could afford. What are the grocery car's main features?

—An insulated 50-foot configuration;

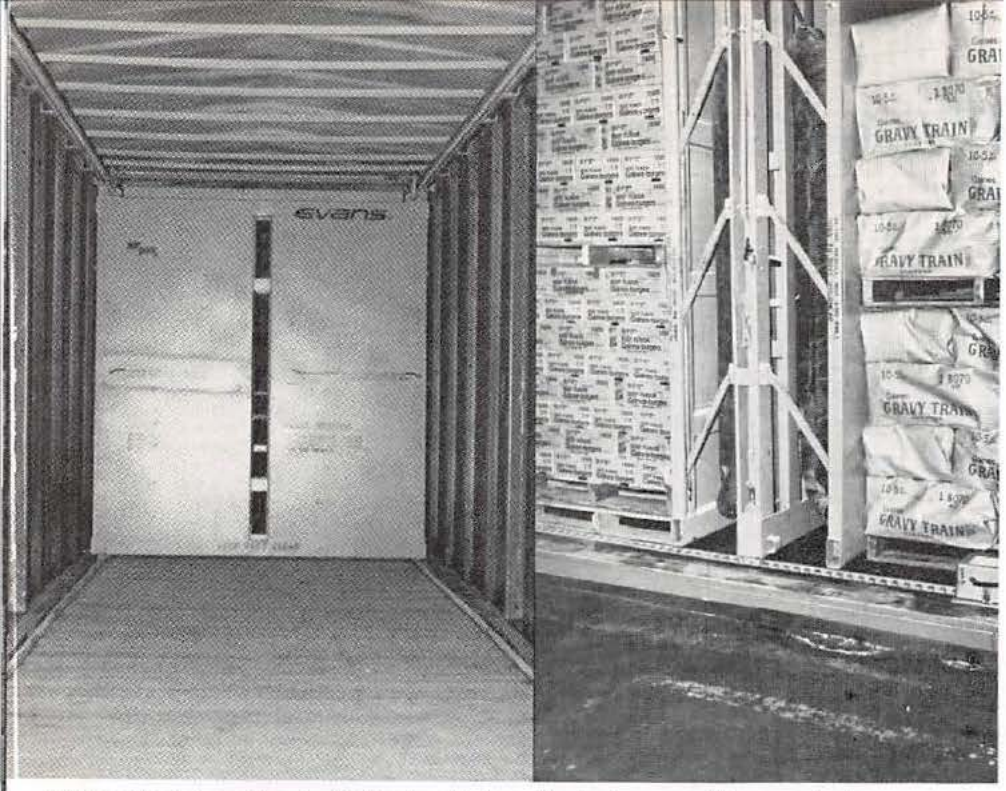
—Internal bracing or load control usually consisting of rigid bulkheads and side fillers;

—Long-travel cushioning;

—Plug doors.

As a first step, Jones assigned to Jack Carter, manager of transportation research and development, the preparation of a value analysis of the various features of the grocery car. In this way it would be possible to determine what could not be left out of a more economical car.

GF presently is a large user of the grocery-type cars handling a wide variety of food products such as coffee, rice, gelatin desserts, cereals, flour and pet foods which may be either in cartons or bundle-wrapped. The grocery industry generally is concerned about



bulkhead; tests show it carries GF food products as effectively as new RBL car and at lower cost.

lower cost grocery car

EXISTING U.S. FLEET of 50-foot box cars has many due for repair which could be converted. U.S.R.E. shop strips wood from incoming cars.

both high and low temperature extremes. The first and obvious conclusion: the car had to be insulated.

• **And cushioned.** Cushioning of greater capacity than obtainable with standard draft gears was also rated essential. When it came to doors, it was felt that the more economical sliding arrangement could be used in place of the plug door if there was means for keeping the lading away from the door's inside. This means, decided GF, would be the pneumatic bulkhead.

At this stage, GF turned to the railroad industry and began to work with Southern Railway which made available an outside-stake, single-sheathed steel box car with 7-inch end-of-car cushioning, sliding doors and Air-Pak bulkheads. A spray-on polyurethane insulation was applied to the car's interior. Testing of the first phase of the economy grocery car began. The car has been running for two years and, after making 25 closely monitored test trips, has been put in general service by GF.

• **The task force.** As GF's investigation proceeded, other railroads heard of it. The suppliers of various components also became interested and finally a formal task force was organized to produce a prototype.

Earlier the Burlington (soon to become Burlington Northern), United States Railway Equipment and Evans Products had expressed interest in GF's investigation, proposing the reconditioning of an existing car to produce the most economical vehicle for grocery service. Soon thereafter the task force came into existence.

Participants at this point included Southern, Burlington Northern, U.S. Railway, Evans Products, FreightMaster, and General Foods. Subsequently the Rock Island joined the group.

In the judgement of U.S. Railway, the most likely existing railroad cars for conversion would be among the approximately 10,000 50-foot conventional double-sheathed box cars built from 1952 to 1955. Most would soon be coming due for major repair if they were to be continued in any service. This would be an opportunity for conversion to the Econ Car, rather than an in-kind repair.

Most cars of this configuration have at least 10-foot door openings while many have wider double-door arrangements which GF feels are essential for the mechanized materials handling typical of today's food products plants and the distribution centers of a large number of food manufacturers. Assuming than an aging 50-footer of this type is valued at approximately $3,500, the conclusion of the task force is that incorporating all the features for food products service would bring the total cost to less than $15,000, about a $10,000 saving as compared with a new grocery industry car.

• **The work begins.** The concept was put to the test just a year ago as U.S. Railway moved a car of the type selected by the task force into its shop at Washington, Ind., for reconditioning. The first step was stripping the car of all its interior wood lining and decking. Next the roof running boards, ladders and other superfluous components came off. Deteriorated galvanized roof sections were then replaced. Bulged ends were straightened and the sliding side doors repaired.

The Econ Car was then ready for the reconstruction. Two additional floor stringers were installed through the length of the car to comply with future AAR requirements for substantial floor construction. Side still reinforcements were added from bolster to bolster.

A FreightMaster 15-inch-travel end-of-car cushioning unit was applied at each end. Stabilized solid-bearing trucks were thoroughly reconditioned also to comply with AAR standards. With the new decking were installed the cleanable floor tracks for the Evans Air-Pak bulkhead. Bulkhead ceiling supports went in and the bulkhead was applied. Then the car's exterior was painted.

From Washington, the car went to Plattsmouth, Neb., where under BN supervision the spray-on foam was applied to serve as insulation. This polyurethane foam went over the insides of walls, ends and roof, including the covering of the inside structural members now exposed since the car no longer had a wood lining. Interior surfaces of the sliding doors were also foam-insulated. By April 1971 the car was turned over to GF for testing.

• **The test begins.** The Econ Car joined the regular GF fleet and the first prototype. Soon it racked up a dozen closely monitored trips, some of them transcontinental, between GF facilities. By the end of 1971 with all reports in, the decision was rendered. The development group reported that the objectives of

Watching Washington

TAKEOFF FOR FASTCOR

REID BEDDOW

The Senate Commerce Committee last week was reported to be very close to approving a version of S. 1729, the so-called Fastcor bill, which would set up a quasi-governmental freight-car corporation empowered to borrow up to $3 billion in Federally-guaranteed loans. The Senate is almost certain to approve any bill that emerges from the committee. Less certain is what will happen in the House, but the present feeling is that the bill has an excellent chance there, too—*if* industry and labor interests are united for a hard final push, and *if* the clock doesn't run out on this election-year Congress. Thus, by this time next year, if the present strong hopes of its supporters are borne out, Fastcor could be making sizeable additions to the national car fleet.

WHO WILL CONTROL THE FLEET?

Certainly, the package is an attractive one to many diverse interests, especially now that a series of redraftings has removed many of the original objections (RA, Dec. 27, 1971, p. 12). But there persists the fear on the part of railroad men that a publicly-managed corporation—"Amtrakatization of the freight-car fleet"—would disrupt private control of car supply to the disservice of all concerned. There are also fears, in both the carrier and shipping communities, that such an approach, in tandem with Penn Central's troubles, could be a step toward nationalization. These fears persist despite a conversion mechanism which is in the present draft whereby the government stock would be sold off to private buyers after four years. The prevailing attitude among key members of Congress, however, is that so long as the government helps to foot the bill, the government should have control. Also cited by supporters is the precedent of the Federal National Mortgage Association: Fannie Mae started off as a public agency, and is now doing very well in private hands after two four-for-one stock splits.

Amendments were still being drafted last week to soften the government-control aspect of the legislation. The big question was the degree, if any, to which the bill's key sponsors would yield on the subject of control. Some of these men feel that they have already gone far enough toward modifying the bill to meet management's objections.

Subcommittee Chairman Hartke is a strong supporter of government control, but there are reports that Committee Chairman Magnuson may not be irrevocably wedded to the idea.

THE MOMENTUM IS THERE

The main point right now is that it is beginning to look as if there *will* be some kind of freight-car bill this year. Those who were pessimistic about the chances of meaningful legislation in a busy election year are now more hopeful; they sense a genuine momentum building up.

Whatever bill emerges is not likely to satisfy all parties. But one man who has worked hard to reconcile opposing views warns: "If we don't get a bill through this year, then we won't have one for several more years to come."

the program were satisfied and this phase of the project completed. The Econ Car consistently provided proper protection for products subject to damage by high and low ambients.

A number of choices had already been made along the way. The 7-inch-travel end-of-car cushioning on the Southern car did not provide enough protection for the product range tested. On the other hand, even though the Econ Car would be extensively reworked, the cost of installing sliding-sill cushioning on an existing car would be prohibitive. This led to the choice of the FreightMaster 15-inch-end-of-car units.

The Southern car has a nailable-steel floor that had been foam-insulated underneath. The Econ Car has a wood floor which was also foamed on the bottom, an arrangement that produced better thermal protection. Much attention was given to achieving an economical and effective insulation. The Econ Car has been instrumented on test runs so that lading temperatures at the doorways could be measured and compared with outside temperatures which also were recorded. These results were compared with conventional grocery cars.

The tests indicated a "U" factor (the standard for appraising heat transmission) for grocery cars that varied from 332 for older types to 150 for the latest designs with the most efficient insulation. Compared with these results, the spray-on insulation of the Econ Car showed a calculated U factor of 231. Calculations indicated that the U factor for a production Econ Car featuring the foamed-in-place insulation that is now planned, would be almost as low as that of the newest of grocery industry cars. A technique of foam insulating behind a removable jig set up inside the car will make it unnecessary to have an interior plywood lining. The foam finish has been shown to be rugged, resisting wear from lading and readily repairable if hit by a forklift during loading or unloading. There also would be five 3-inch-wide wood strips on 18-inch centers around the side walls for further strengthen and protect the foam lining.

This insulation and all the other features of the Econ Car have now been incorporated in a final specification (see box) prepared by the task force. GF's Howard Jones points out that since the task force used nothing but known techniques in this economy grocery car, there can be no proprietary restrictions about the design. He does pay tribute to the participants in the project, crediting them with substantial investment in a project which could prove significant for both the grocery and railroad industries. From the beginning the goal was to develop a way to provide a large number of insulated box cars in a relatively short time at minimum cost. The next move, the task force feels, is up to the railroads. ■

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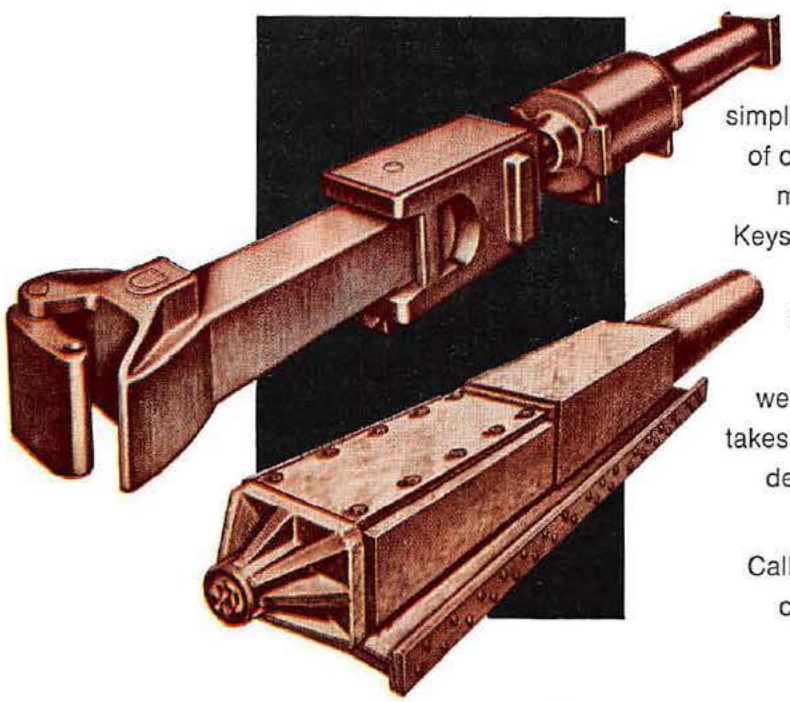

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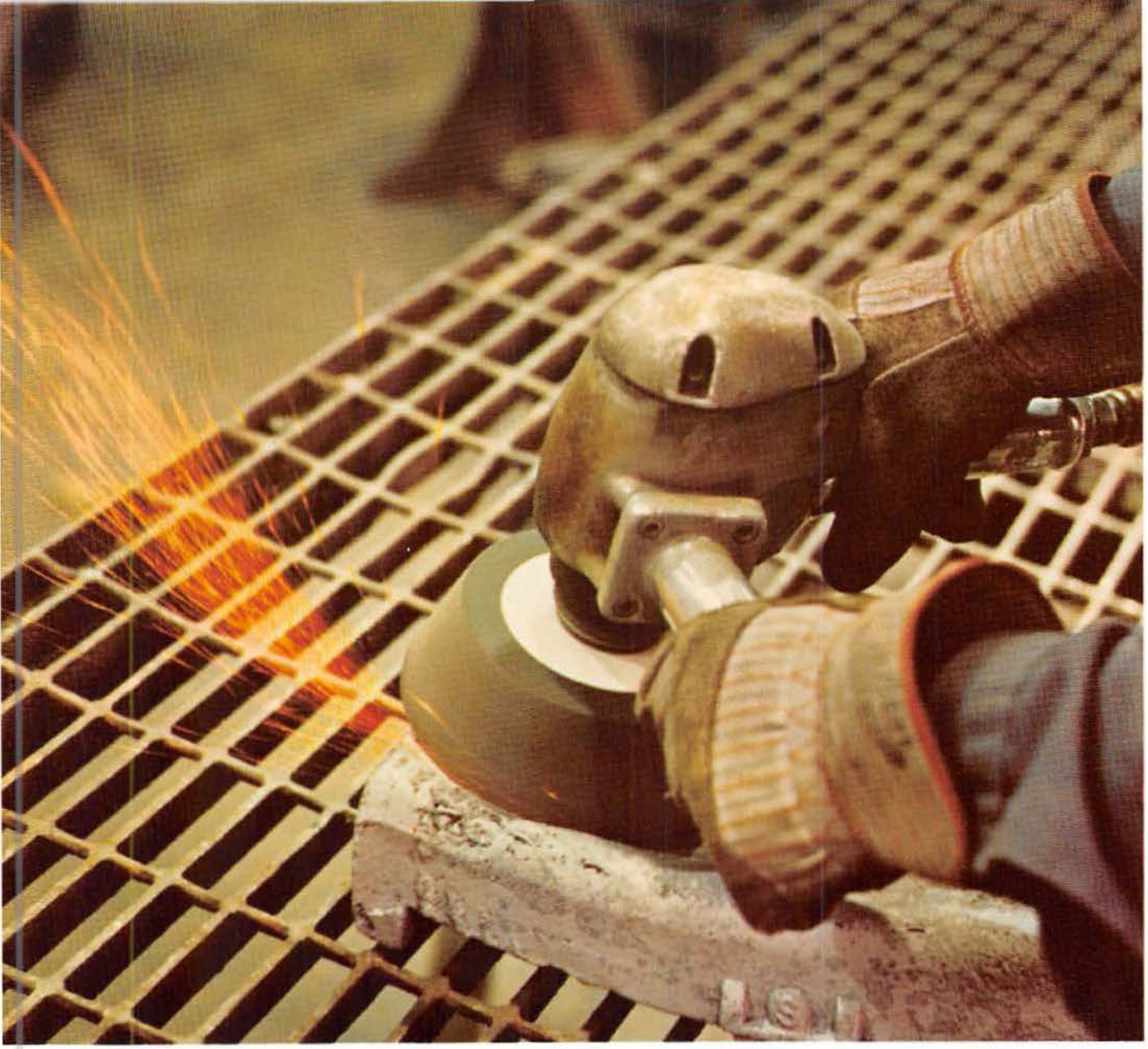

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(AAR-1B)

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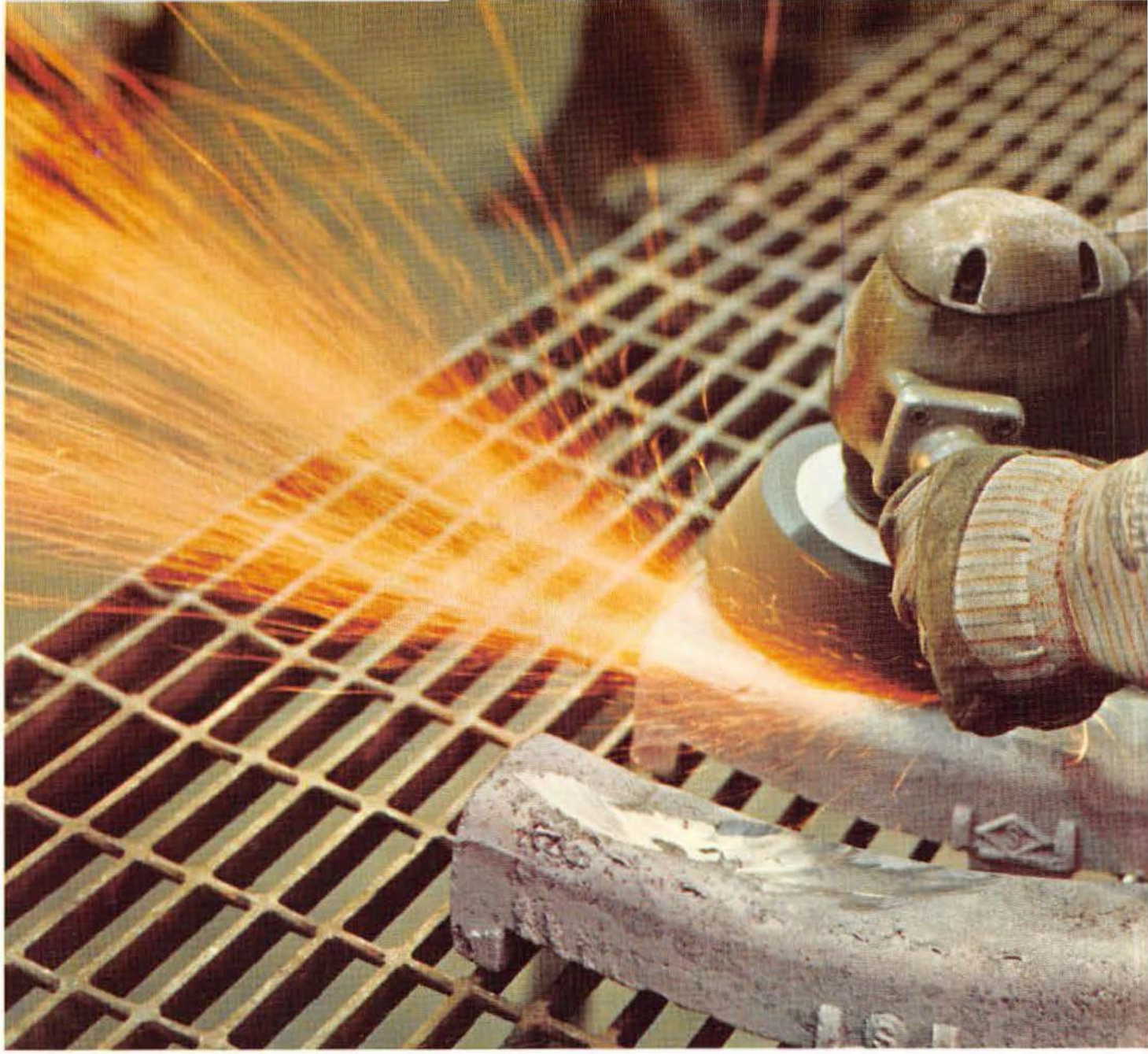
Many railroad men have already been convinced by performance of the Samson shoe on test cars that this low-sparking Samson characteristic is the best way to minimize the hazard of fires along the right of way.



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(AAR-1)

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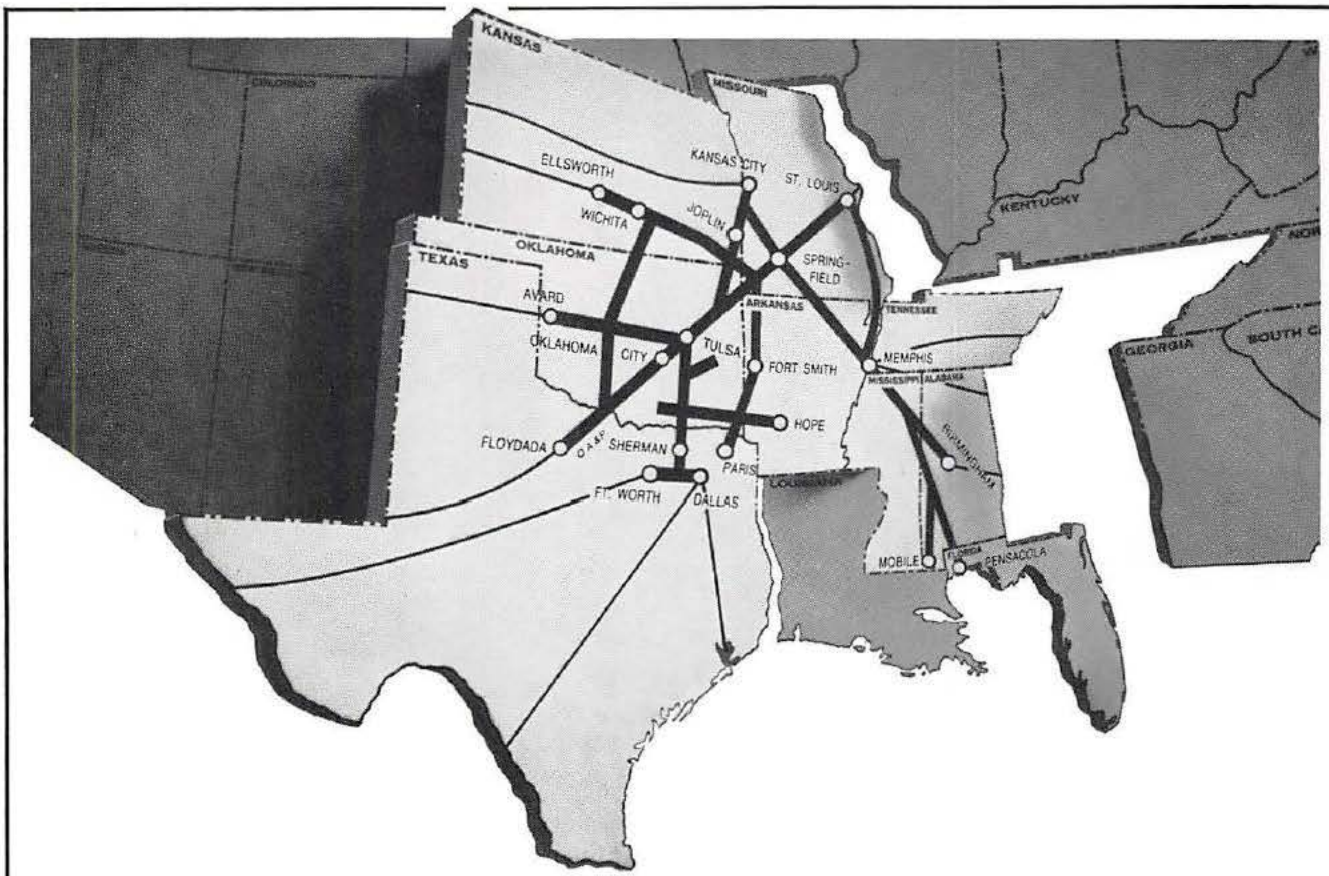

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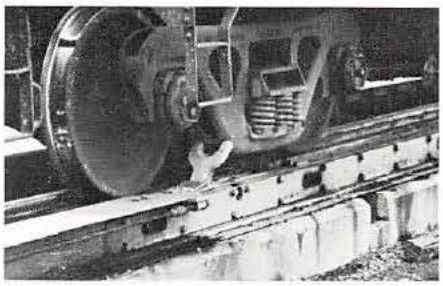
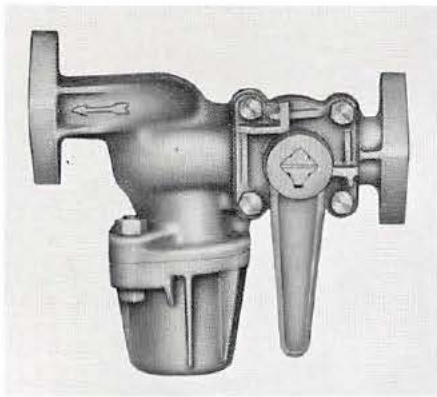


Car mover handles loaded unit trains

The Hydraulic Car Mover can be installed individually, or in tandem, to move up to fifty 100-ton loaded hopper cars in unit-train loading and unloading operations. HCM moves any type of car on the level or uphill in any weather. An automatic stroke selector moves blocks of different length cars at constant speed. *Nolan Co.* (RA-1)

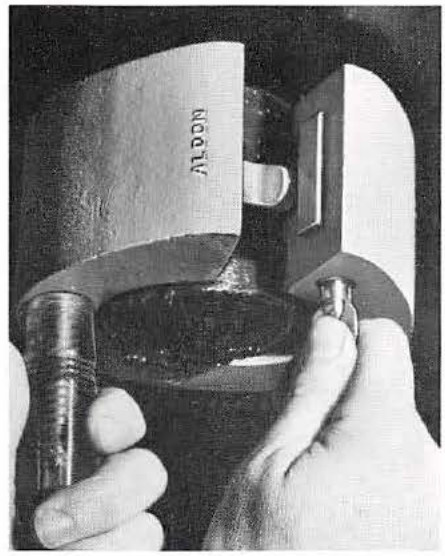


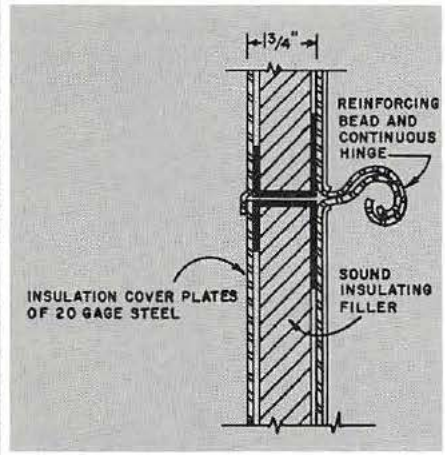
Dynaball dirt collector has improved "centrifugal-action"

The Dynaball Dirt Collector and Cut-Out Cock features a teflon-coated ball design with large removable rubber seals for easier handle movement and minimum leakage. The seals—self-cleaning, self-lubricating and self-adjusting for wear—can be replaced in minutes. An improved "centrifugal-action" dirt collection principle suspends dirt particles in a swirl chamber until air velocity is so reduced that they drop past a check valve into a bowl. This prevents their return to the air stream. This component of the car air brake system has AAR approval and is interchangeable with the former design. *Westinghouse Air Brake.* (RA-2)

Lock unit protects semi-trailers

The Gard-Lock can help in reducing the theft of semi-trailers. The device locks on trailer king pins, preventing hook-up by unauthorized tractors. Design of the unit is durable enough to withstand the heaviest tractor impact. No separate tools, clamps or padlocks are required. Gard-Lok has a sturdy handle and is easily installed; it is unnecessary to come in contact with grease from the king pin. *Aldon Co.* (RA-3)





Sound-retarding sectional door cuts noise level by 29 decibels

A new, insulated, overhead-type sectional service door reduces transmission of sound through doorways. Called the RoL-TOP door, it is composed of galvanized steel interlocking sections. A reinforcing rolled bead on the 16-gauge interior panel, which is the basic section member, serves as a continuous interlocking section hinge. An outer 20-gauge galvanized sheathing is added to the base panel by means of angled spacers. The sheathing serves as a cover

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plate to a thick blanket of insulating filler between the two steel members. The sound-retarding fiberglass insulating filler is sealed in at the perimeter of the section by neoprene locks. Transmission loss tests show a reduction in noise level from one side of the door to the other of 29 DB. *Kinnear Corp.* (RA-4)

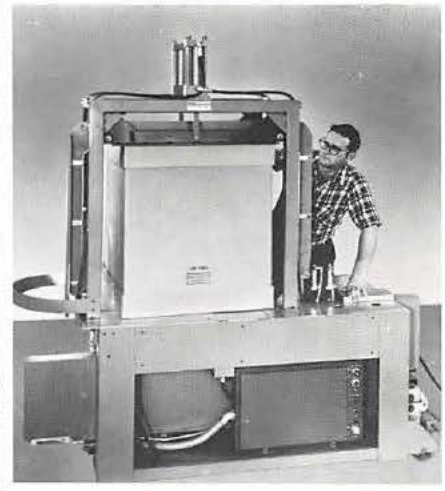
Rail grinder can cope with several grinding operations

After years of successful on-track performance in Europe, the 13.44 rail grinder is now available in the U.S. The grinder—available with either two-stroke, four-stroke or electric power—can be used by one person. It moves easily on rollers fitted with roller bearings and its own weight supplies the correct grinding pressure. Grinding discs help grind lateral surfaces and the operator gets a clear view through an arch-shaped frame. The machine will give a smooth finish on running surfaces built up by welds, burrs on rail heads and built-up weld areas on switches. The extent of feed is governed by a sensitive depth-setting adjuster. Many accessories are available, extending the grinder's usefulness to several different rail-grinding operations. *Intma International, Inc.* (RA-5)

Stainless-steel toilet has low-cost, throw-away filter

The Ecolette Model 132 is a stainless-steel toilet designed to meet proposed FRA sanitation requirements. With each flush a sterilizing chemical, locally available, is fed into the waste; solids are then separated from liquids and the solids are macerated while the liquids are discharged in a completely sterile state. The unit fits the same space as existing toilets, also utilizing existing water supply. Cleaning consists of simple removal of filter/sterilization tank and flushing with any of a variety of systems presently available to railroads. The inexpensive, throw-away final filter is then replaced. There is no

holding tank or "honey cart." The design allows the unit to operate as an ordinary flushing toilet with subsequent installation of filter/sterilization and chlorinator storage/dispensing equipment. *Mink-Dayton Division.* (RA-6)



Strapping machine is said to save up to 50% in strapping material

The new large-capacity Twistrap machine can handle packages of all sizes. It comes equipped with a heavy-duty compression device to pack down telescopic cartons with uniform tension on all sides. This Twistrap strapper is a money saver in several ways. Its purchase price is low, its sure-fire strapping leaves packages intact, with no lashing and no cut edges. Its one-man portability and quick strapping coil change-over can keep production lines rolling. The manufacturer's engineers say it saves up to 50% in strapping material. *Mid-States Wire, Packaging Systems Division.* (RA-7)

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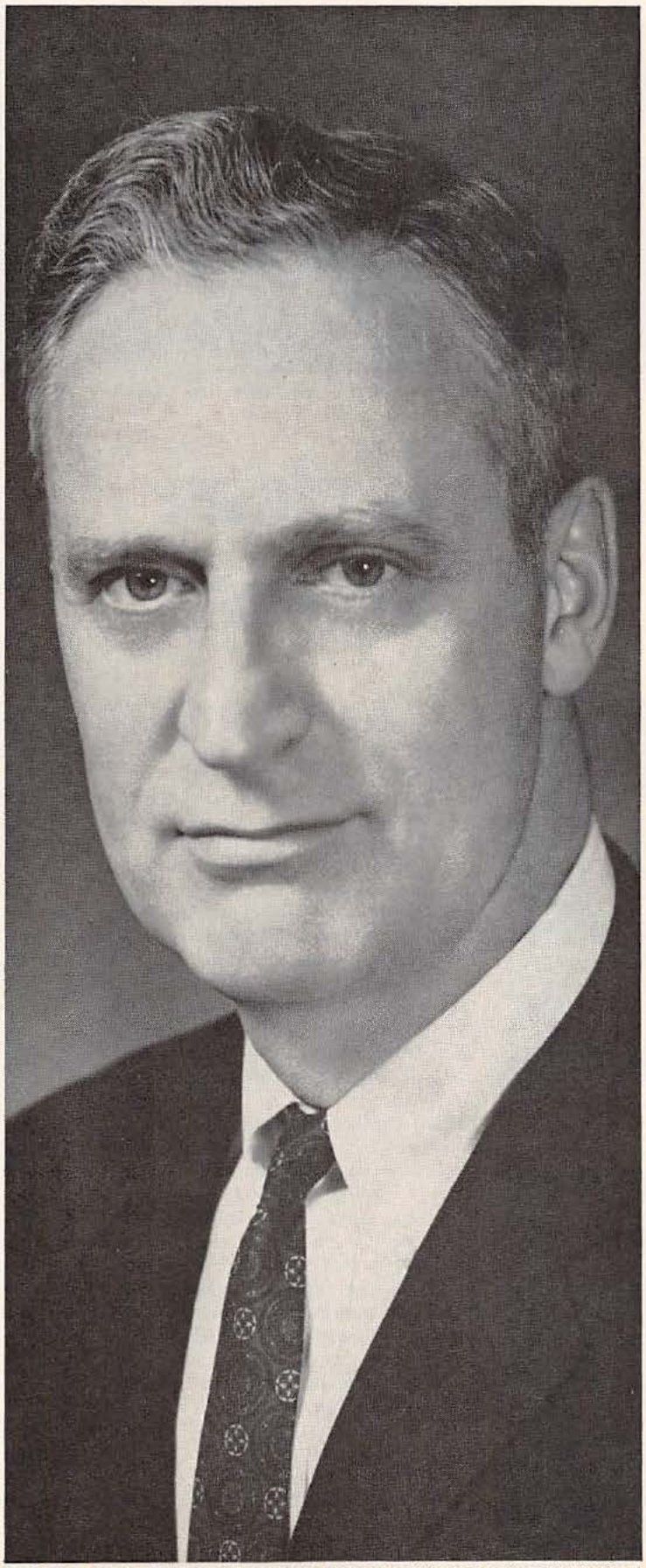

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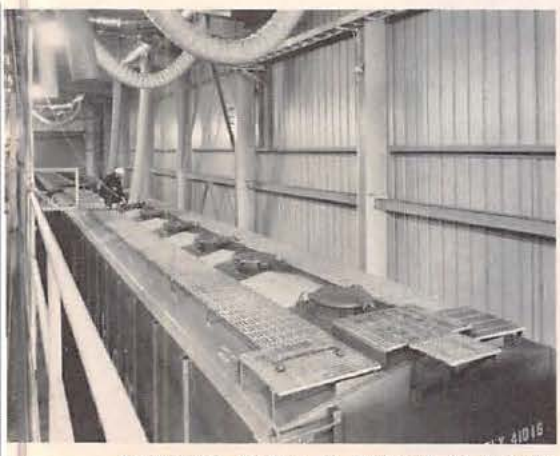
RAILWAY AGE AS SEEN THROUGH THE EYES OF RAILROAD PRESIDENTS-NO.4

NORCHEM'S new plastic-pellet plant in Joliet, Ill., will be served by 350-car covered hopper fleet valued at $8.5 million.

Plastics come clean in new PTL hoppers

PREPARATION for loading sees cars thoroughly washed and then air dried.



LOADING facility is designed to prevent contamination of pellets going into car.

Over the years we've come to recognize plastic as that rugged, highly durable material that always seems ready and willing to take all sorts of beatings and still be able to come back for more. Such things as toys, dinnerware, housewares, or the telephone receiver cord that's twisted and re-twisted hundreds of times in the course of a teen-age daughter's hour-and-a-half conversation, are all testimony to plastic's ability to withstand punishment.

On the other hand, though, in its raw, pellet form, plastic must be pampered and given all kinds of protection—from moisture, tiny particles of dirt, or any other foreign substances. Also, special care is taken to make certain that a pellet of one color and density doesn't contaminate a load of pellets of another color and density. Thus, for pellets, it's first-class travel all the way. As a matter of fact, it has often been said that a lot of food products meant for human consumption don't get the type of special handling given to plastic pellets which could someday appear in finished form as your garbage can.

• **New plant, new car fleet.** Perhaps there is no better place to see examples of the precautions a pellet manufacturer will take to assure delivery of top-quality, contamination-free loads than at a new, multi-million-dollar polyethylene plant which Northern Petrochemical Co., Des Plaines, Ill., is now bringing on stream at Joliet, Ill. Playing an important role in the new plant's tightly-controlled quality assurance program is a fleet of 350 specially-equipped covered hopper cars, valued at $8.5 million, which Northern Petrochemical is getting through a long-term lease with Pullman Transport Leasing Co.

The bright blue cars have Northern Petrochemical's polyethylene resin trade-name, Norchem, stenciled on their sides. They have all the special features required for the so-called "plastics" cars, plus many more. Aside from being fitted with the required 20-inch, screw-down hatch covers, as well as having interior protective linings and pneumatic discharge systems, they have these outstanding features:

—A capacity of 5,820 cubic feet each, rating them near the top in size among covered hoppers in plastics service.

—The Micro-matic pneumatic outlet gate, a PTL development.

—A new roof design that requires no interior carlines and provides better footing for workers and quicker runoff of water.

—Steeper slopes in each of the four hopper compartments—a minimum of 40 degrees—to assure rapid and thorough unloading.

The cars are among the largest ever built for plastics service. The lease itself also has to rank among the largest ever signed by a pellet manufacturer. "This 350-car lease with Northern Petrochemical is by far the largest one we've ever entered into with anyone in the plastics industry," says Hugh Foster, PTL's vice president and general manager.

Northern Petrochemical has good reasons for wanting both a large fleet and big cars in that fleet, reports Larry Richards, the firm's traffic manager. First of all, he says, the Joliet plant will soon become his company's sole producer of resins and the annual production there will exceed 500 million

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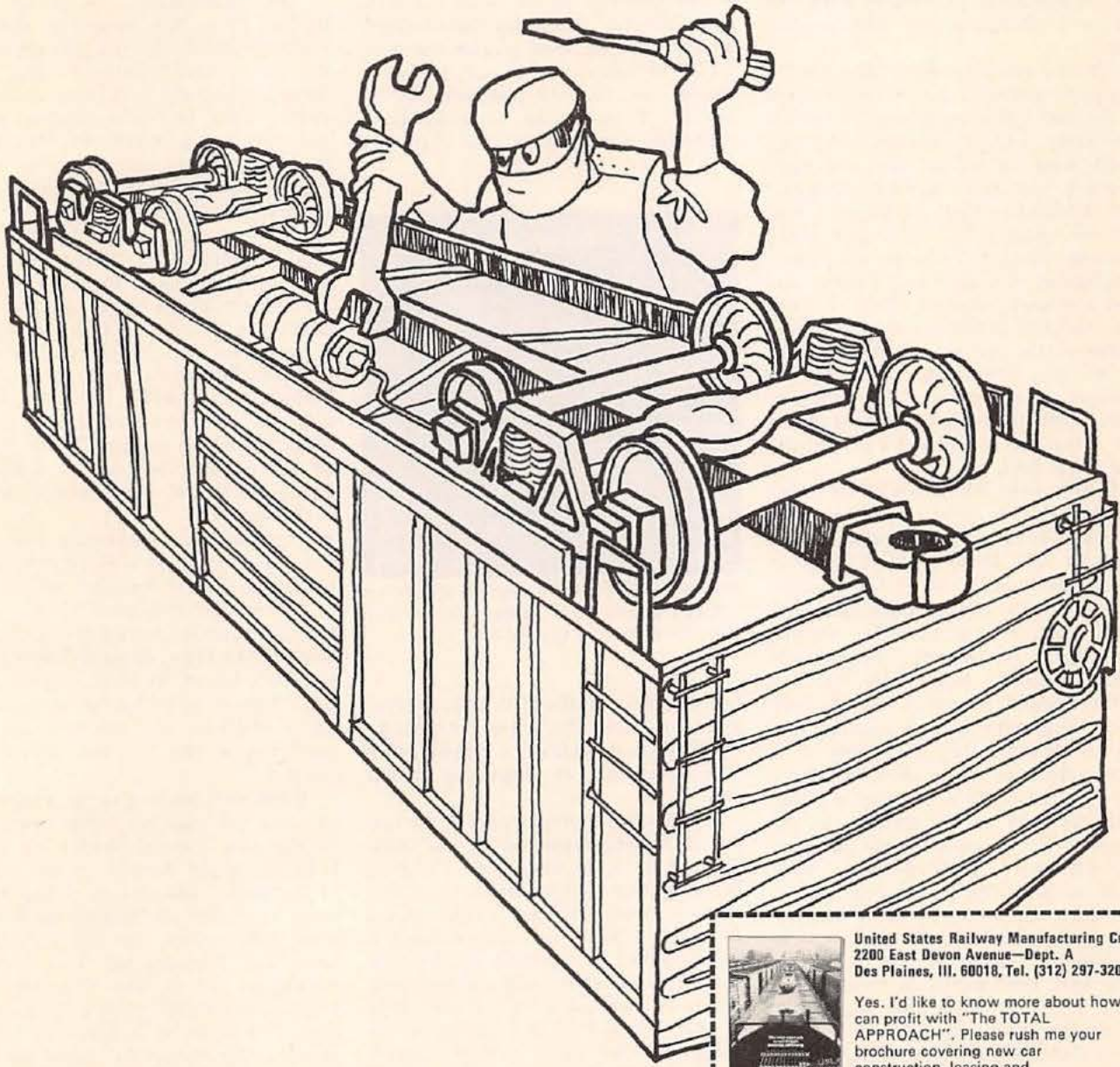

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pounds. A large fleet of cars, including not only the 350 new cars but also 185 others of slightly smaller capacity Northern Petrochemical has had on lease, will be needed to serve the new plant.

• **Large size lowers rate.** The size of the new cars, Richards explains, will enable his company to get the best possible freight rate. The cubic capacity of each car and its relatively low lightweight combine to permit full 190,000-pound loads without exceeding the maximum allowable total rail weight of 263,000 pounds. It takes a high cube car, plus careful control of loading and the right weight product in the proper size car to get the maximum load capacity for that car, and, therefore, the best possible rate.

There's another reason, too, for the company to want to get maximum loads in the cars. "When you've got a car that can carry 190,000 pounds, you sure don't want to see it leave the plant carrying, say, only 170,000 pounds," says Richards. "First of all, you may not be getting the best rate that's available. Secondly, you are not properly utilizing the car. And finally, you may lose sales volume by light-loading a car. Accurate carloads and proper utilization of the various-size cars available to us play important parts in our transportation program." For good reasons, Northern Petrochemical has placed the computer in command of controlling its car fleet.

• **Quality first.** While it may seem that the firm goes to great lengths to assure full loads in the cars, these efforts can't compare with those that are made to assure quality of the loads. The first two stations on the loading track inside the Joliet plant are equipped for washing and drying car interiors immediately before loading. Hot water, with a softener added, is used to wash the cars. For drying, warm air is introduced into the car. Because they don't have to be disassembled to assure thorough cleaning, the Micro-matic pneumatic outlet gates on each car are playing an important role in speeding up the wash and dry cycle, Richards adds. Some types of gates, he points out, are designed so that pellets from the previous load could lodge themselves in the valve mechanism. Therefore, it is a common—and time-consuming—practice at pellet plants to disassemble these gates for cleaning after each load.

As Richards stresses, though, nothing will lose a customer quicker in the highly-competitive plastic pellet business than delivery of a contaminated load. The users have good reasons for wanting absolutely clean loads, he continues. The machinery and dies used to make polyethylene products are usually very sensitive. Any foreign materials in the raw plastic could foul the machinery and seriously curtail production or produce an inferior product. Therefore, if just a thimble-full of a contaminant should be detected in the first compartment of a four-compartment covered hopper car, the entire load could be in jeopardy of being rejected because of the production losses it could cause.

• **Sought air-tight cars.** Northern Petrochemical's deep concern for integrity of loads that would eventually be transported in the cars was felt back at the Butler, Pa., plant of Pullman-Standard, where the cars are being built. Early in the planning stages for the lease order, Northern Petrochemical specified that the cars be air-tight. This meant that the normal water test used to check cars before delivery would not be acceptable. Instead, the pellet manufacturer insisted, air at two pounds pressure would be introduced to the car and it would have to hold that level for 10 minutes if the car was to be accepted. Richards reports that the cars are

PNEUMATIC TUBE of Micro-Matic gate is not very susceptible to damage, say Northern Petrochemical and PTL officials.

meeting this specification and, furthermore, are being checked at the plant by Ed Haile & Associates, a Houston firm that specializes in inspecting freight cars.

The special interior linings of the cars are also being inspected by the Haile firm under a contract with Northern Petrochemical. Linings are being applied at the Lithcote Co. plant in Altoona, Pa. Pittsburgh Paint's polyclutch lining is being applied in a portion of the cars. Mobil's special epoxy lining is going into others. Richards says the Lithcote facility was selected as the applier of the linings because of its extensive inside facilities. "We know from experience, too, that the quality of the lining can be no better than the methods used to apply it," he adds.

• **Extensive testing first.** Before electing to enter into the lease with PTL for the 350 cars, Northern Petrochemical conducted extensive tests with smaller PTL cars equipped with the Micro-matic gates. Aside from discovering in these test runs that the gate speeds car cleaning, the pellets firm found that it is less susceptible to damage in the event of a derailment. Last year, the firm's cars were involved in several derailments, most of them minor. Frequently in these accidents, the pneumatic tubes on certain types of gates would receive slight damage, Richards says, and the valve would become jammed. Unfortunately, the damage to the car's pneumatic system often wasn't discovered until the car was hooked up to the receiving plant's unloading system. A special truck would have to be called in to unload the pellets through the car's roof hatches.

The Micro-matic's valves are protected from this type of damage, Richards points out. He was apprehensive about the controls on the gates perhaps causing confusion at unloading points. Since he has received no panic calls thus far, he is assuming the operating instructions are explicit. The majority of the gates were made by a subsidiary of Miner Enterprises.

As more and more of the 350 cars begin arriving at the Joliet plant, additional production capacity will be becoming available at the new facility. Ultimately, four production lines will be in operation. As the plant reaches its capacity later this year, a Northern Petrochemical pellet plant in Texas City, Tex., will be closed. Thus, the new plant will be the company's sole source of pellets, and, as such, it will rank among the largest of all pellet producers in the world.

• **Transportation network a key.** The Joliet plant site was selected because of its central market location and because of its excellent transportation network, rail and highway. Serving the immediate area are the Elgin, Joliet & Eastern and the Rock Island. Richards says the location "assures us of having our carloads on a mainline and on their way to customers within 24 hours after being shipped."

Richards is looking to get an average of seven payloads per car per year out of the new covered hopper car fleet, hopefully eight. Because of the nature of the plastics business, users frequently must keep cars on their properties for some time, which cuts down the cars' utilization. Richards says his company, as well as others who lease cars for plastics service, will allow as much as 14 days free time to a customer before charging for detention. Like the 350 new cars now arriving from PTL, this long free-time period is considered essential for maintaining good customer relations. And, as Richards quickly points out, customer service is vital to Northern Petrochemical, expecially now. "One thing you can't do when you're breaking into a market is go marginal," he adds. "We're planning to give first-class service all the way." ■

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People in the News

William L. Dorcy
M-K-T

Lois M. Morasco
Reading

Curtis C. Tatham
Pullman Transport

Ralph E. Johnson
PORTEC

DELAWARE & HUDSON.—**Bernard Phillips,** assistant general freight agent-rates, Albany, N.Y., appointed to the new position of manager of pricing.

ERIE LACKAWANNA.—**William A. Mattis** appointed chief of divisions bureau, Hoboken, N.J., succeeding **Frank J. Nelson,** who retired Dec. 31, after more than 49 years of service. **William G. Captain** appointed chief of tariff bureau, Hoboken, succeeding **Arthur E. Hartman,** who retired Dec. 31 after more than 53 years of service. **James J. Kelley** named assistant chief of divisions bureau, and **Frank J. Alger,** assistant chief of tariff bureau.

John W. Gallagher, division sales manager, Rochester, N.Y., appointed district sales manager, Los Angeles Agency, with office in South Pasadena, Calif., succeeding **Kenneth O. Hemming,** who retired Jan. 17, after over 42 years of service. **James A. McCall,** district sales manager, Pittsburgh, Pa., appointed Pacific Coast sales manager, San Francisco, succeeding **Edward F. McHugh,** who retired Jan. 7, after more than 35 years of service. **John Brain, Jr.,** succeeds Mr. Gallagher at Rochester. **Harold E. Klinker,** division sales manager, Scranton, Pa., succeeds Mr. McCall as district sales manager, Pittsburgh. **William R. Levine** appointed district sales manager, Milwaukee, Wis., succeeding **Arthur G. Lauther,** who replaces Mr. Klinker at Scranton.

Daniel J. Lascari appointed assistant supervisor piggyback operation, Croxton, N.J.

MISSOURI-KANSAS-TEXAS.—**William L. Dorcy** appointed to the newly established position of vice president, executive department. Mr. Dorcy was formerly director of product development, **Illinois Central. Otto C. Putsche,** general manager, operation-management information services, named to the new position of vice president and general manager. **Martin F. Rister,** chief mechanical officer, appointed assistant vice president, mechanical, a newly created position. **Charles E. Reasoner,** director of purchases and stores, becomes assistant vice president, purchasing.

READING.—**Lois M. Morasco,** assistant to director of governmental and public relations, Philadelphia, promoted to director of public relations, succeeding **Sidney R. Spencer,** director of governmental and public relations, who retired Feb. 1, after 48 years of service.

Thomas W. Crowley, lieutenant of police, Reading, Pa., promoted to captain of police, Philadelphia. **Thomas M. Moore, Jr.,** formerly with the **Baltimore & Ohio** police department, Pittsburgh, succeeds Mr. Crowley.

William P. Houwen, engineer of planning and construction, Philadelphia, promoted to assistant chief engineer. **George R. Gaspard,** engineer project development promoted to engineer of planning.

UNION PACIFIC.—**Fred L. Morgan,** general traffic manager, Omaha, named assistant vice president-sales there. **Richard E. Hautzinger,** traffic manager, San Francisco, succeeds Mr. Morgan. **Robert E. Hord** appointed general livestock agent, Omaha. **Joseph H. Habgood** named general traffic agent, Minneapolis, succeeding **James A. Callaway,** named assistant traffic manager, New York.

Phillip L. Stageman, head chemist, named to the newly created position of environmental engineer.

W. Grant Burden, director of public relations, **Union Pacific Corp.,** New York, has taken early retirement but will remain active in public relations in the New York area.

SUPPLY TRADE

Curtis C. Tatham, Jr. has been named to the new position of assistant vice president-marketing, **Pullman Transport Leasing Co.,** a subsidiary of **Pullman Incorporated.** He was formerly assistant vice president, sales for **Pullman Incorporated's Pullman-Standard division.**

Ralph E. Johnson, manager of engineering and manufacturing, **PORTEC inc.,** has been elected vice president, engineering and manufacturing.

Evans Products Co. has announced that on Dec. 31 it completed the merger of **Southern Iron & Equipment Co.,** Atlanta, Ga., into **United States Railway Manufacturing Co.,** wholly owned leasing subsidiary of Evans. **Tom C. Campbell,** president, and the Southern Iron management group will continue to operate it as a part of Evans industrial products group.

USRMC has acquired the physical facilities of the **Twin Cities Fabricating Co.,** Springfield, Ore., for repair and maintenance of USRMC's fleet of leased cars based on the west coast, its parent company fleet (Evans), and cars of west coast railroads and shippers. The new facilities include 50,000 sq ft of land, with 30,000 sq ft under roof, and 2,000 ft of track. Plans call for expansion as west coast demand for freight car repair and rebuilding increases. USRMC's main repair facilities are located in Blue Island, Ill., and Washington, Ind.

Peter G. Sandlund has been appointed executive vice president, **Dart Containerline, Inc.,** New York. Mr. Sandlund was formerly senior vice president for North America of Overseas Containers Ltd. **Jeffrey M. Driesen,** vice president of management services, has been named vice president of marketing and sales.

Louis A. Credidio has been elected assistant vice president of industrial sales for **Trans-Lux Corp.** As former manager of industrial sales, Mr. Credidio has been active in providing information display equipment to **Amtrak** for a pilot railroad station improvement project launched in Chicago.

Charles D. Baker has been elected president, **Harbridge House, Inc.,** Boston, Mass., succeeding **Harry M. Hague,** who continues as chairman. Mr. Baker was formerly Assistant Secretary of Transportation for Policy and International Affairs, Washington, D.C. Harbridge House now has 150 full-time professional consultants who specialize in general management, marketing, transportation, criminal justice, urban problems, human relations, management systems and program management.

John W. Rudibaugh has been appointed director of engineering, **Buckeye Steel Castings Division, Buckeye International,** Columbus, Ohio. **D.D. Macklin** is chief mechanical engineer.

Joseph D. O'Flinn has been appointed district manager of the newly opened Tulsa, Okla., district sales office of **Okonite Co. Charles E. Webb, Jr.,** sales representative, Charlotte district, appointed district manager, Indianapolis, succeeding **Larry E. Webber,** assigned to company headquarters marketing department. **John W. Myers,** who joined the Houston district last Sept. 1, appointed sales representative Houston district.

Gerald F. Wicks, sales representative, New Orleans district **Okonite Co.,** has been appointed district manager. New Orleans, succeeding **William B. Stroud,** named engineer tests, manufacturing division, Richmond, Ky. **Robert W. Buente** has been appointed sales representative, St. Louis district. He was formerly project engineer, **Granite City Steel Co.,** Granite City, Ill.

J.R. McCambridge has been appointed district manager of the newly formed Western District, **Habco, Inc.,** North Kansas City, Mo. Mr. McCambridge was formerly regional sales manager, Chemagro Corp.

Neil G. Johnson, midwest sales manager, **Pullman Transport Leasing Co.,** has been appointed central and western sales manager.

Airtek, Inc., of Irwin, Pa., has been named a distributor of **WABCO** Vehicle Remote Control Systems under a new marketing system being established by the Signal & Communications Division of WABCO.

Bernard J. Eck, manager of manufacturing research, **Griffin Wheel Co.,** Chicago, has been named director of product engineering.

(continued on p. 51)

Market Outlook

CARLOADINGS

Loadings of revenue freight in the week ended Feb. 12 totaled 457,313 cars, according to the Association of American Railroads. This was a decrease of 8,208 cars, or 1.8% compared with the previous week, and a decrease of 18,468 cars, or 3.9%, compared with the corresponding week last year. Ton-miles generated by carloadings in the week ended Feb. 12 are estimated at 13.8 billion, an increase of 0.3% above the corresponding week of 1971.

REVENUE FREIGHT CARLOADINGS

Commodity	Feb. 12 week	Feb. 5 week
Grain	21,863	23,039
Farm products	13,609	14,123
Metallic ores	14,732	16,825
Coal	86,300	86,342
Crushed stone, gravel & sand	18,889	18,590
Nonmetallic minerals	8,279	8,251
Grain mill products	18,431	18,574
Food and kindred products	24,127	25,418
Primary forest products	23,434	20,971
Lumber & wood products (except furniture)	16,009	15,841
Pulp, paper & allied products	22,812	23,443
Chemicals & allied products	26,384	27,883
Petroleum products	10,136	9,961
Stone, clay & glass products	16,286	16,636
Coke	6,377	6,455
Metals & products	21,131	22,485
Motor vehicles & equipment	25,222	25,038
Waste & scrap materials	14,061	13,918
Forwarder & shipper assn. traffic	5,653	6,059
All other carloads	63,059	65,070
LCL traffic	519	599
Total cars loaded	457,313	465,521

CUMULATIVE TOTAL, 6 weeks	1972	1971	1970
	2,750,343	2,915,974	2,962,615
Estimated revenue ton-miles (billions) 6 weeks	82.3	83.6	83.6

PIGGYBACK LOADINGS

U.S. piggyback loadings for the week ended Feb. 5 totaled 23,913 cars (3.7% above the corresponding week last year) and 40,809 trailers or containers (up 11.6% from 1971). Cumulative volume for the first 5 weeks of 1972 is 112,258 cars (off 0.1% from last year) and 186,320 trailers or containers (up 5.3% from 1971). In addition to freight, 2,572 cars carrying 4,187 trailers or containers of mail and express traffic were handled piggyback. Cumulative figures for the first 5 weeks of 1972 are 11,964 cars (down 29.3% from the 1971 total, and 18,715 trailers or containers (down 22.3% from 1971).

IN CANADA

10-days ending	Tons of Revenue Freight	Cumulative Totals
Jan. 31, 1972	4,044,991	14,269,531
Jan. 31, 1971	4,837,146	14,472,254

FREIGHT-TRAIN CARS

● *Trailer Train.*—Has purchased 169-low-deck 89-foot 4-inch piggyback cars from Pullman-Standard. This brings the TTX fleet in service and on order as of Feb. 16, 1972, to 59,551 cars.

● *Freight-car ownership.*—The following report has been released by the AAR Car Service Division:

ESTIMATED OWNERSHIP—ALL REVENUE FREIGHT CARS

(Jan. 1, 1972 vs. Jan. 1, 1971)

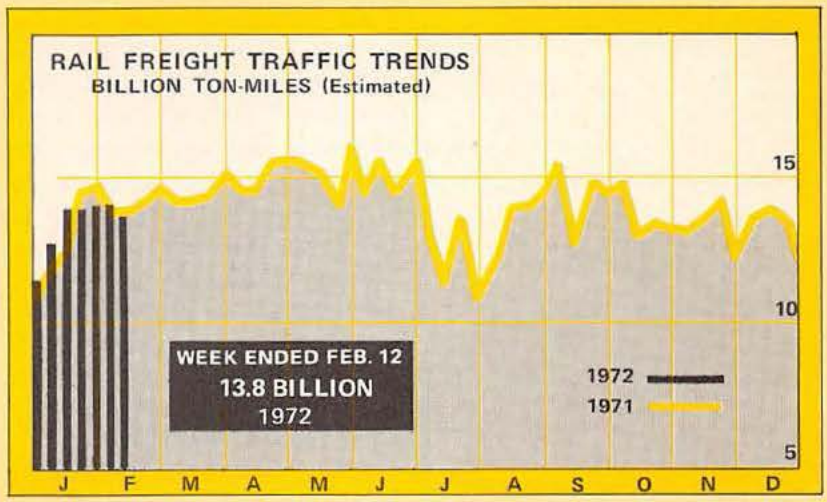
		Box	Covered Hopper	Gondola	Hopper	Flat	Refg.	All Other	TOTAL
Class I	1972	524,444	138,099	183,512	386,482	76,976	65,471	47,427	1,422,411
	1971	536,361	130,954	187,429	388,492	75,622	53,813	50,672	1,423,343
RRO&C Refgs.*	1972	0	0	0	0	0	30,889	0	30,889
	1971	0	0	0	0	0	45,018	0	45,018
All Other Private	1972	1,279	40,580	3,145	3,533	50,752	15,747	168,355	283,391
	1971	1,223	38,972	2,873	2,621	51,642	15,730	172,394	285,455
Class II & S&T Cos.†	1972	8,234	662	4,082	6,435	483	1,736	900	22,532
	1971	9,244	774	4,193	6,954	528	1,465	942	24,100
GRAND TOTAL	1972	533,957	179,341	190,739	396,450	128,211	113,843	216,682	1,759,223
	1971	546,828	170,700	194,495	398,067	127,792	116,026	224,008	1,777,916

* Railroad owned and controlled refrigerator car lines.
† Class II railroads and switching and terminal companies.

FOREIGN

● *Argentina.*—Has ordered 80 wide- and narrow-gauge locomotives from Electro-Motive for delivery this year. Sixty will be rated at 2475/2250 hp; the remainder at 1650/1500 hp. Export-Import Bank guarantees are expected shortly for an additional 170 units to be assembled in Argentina later using major components supplied by EMD.

● *GRS International.*—This General Railway Signal division has received orders for the supply of frequency-shift overlay (FSO) and for coded track circuit Trakode equipment for use on the railways serving northwest Australia's Hamersley and Robe River mining complexes. The FSO equipment will be used in a route-protection system involving three passing sidings and a highway crossing. The Trakode equipment will be applied in a CTC system operated from Dampier.



Source: Association of American Railroads

Moving Freight

N&W now has 39 run-through trains

The run-through train is a significant factor in improving service, according to R. B. Claytor, executive vice president, Norfolk & Western. N&W now has 39 such trains which move through interchange terminals without classification and motive power changes. The newest services team N&W with Santa Fe on traffic from Detroit to Argentine Yard at Kansas City; with Cotton Belt between Bellevue, Ohio, and Pine Bluff, Ark.; and with Detroit, Toledo & Ironton and Milwaukee on auto traffic from the Detroit area.

"Mini-bridge" from Los Angeles to Europe

Through "mini-bridge" rail/water rates for containerized freight between Los Angeles and Europe became effective in January. While the new tariff is comparable to the all-water rate, there is a ten-day saving, compared with ship movement through the Panama Canal. Seatrain forwarded 24 40-foot containers as the initial shipment. From Los Angeles they moved Santa Fe to Streator, Ill., and Penn Central to Weehawken, N.J., for transfer to the ship.

CN auto facility features preparation

Halifax, already a major container port, is now striving for a similar position in the handling of import and export automobiles. Autoport, a joint venture of Canadian National and the Nova Scotia government, is a facility presently designed for 80,000 autos yearly and includes sidings for bi-level and tri-level rack cars. Since November 1970 it has received 12,000 vehicles from Europe and Japan. Autoport provides importers with a complete range of distribution and pre-delivery services, including de-waxing, checks of emission control compliance and application of optional extras.

LV expands fast piggyback service

Overnight piggyback service in both directions between Buffalo/Niagara Falls and the Port of New York is now offered daily by Lehigh Valley. This represents an expansion of the New York-Chicago piggyback service previously offered by LV's Apollo 1 and 2, reports W. H. Coachys, director of rail trailer sales.

"Dream a little" says traffic manager

"If railroads and industry could work together to get even one more trip per month out of each box car, the beneficial impact on railroad profitability would be tremendous," according to Stanley H. Tippett, director of traffic for Container Corporation of America. He challenged railroad people to depart from their "accepted image" by giving time "to reverie and abstract contemplation." At the Traffic Management Seminar of the University of Missouri, Tippett urged that railroaders "experiment with new ideas in equipment, systems, operations." He cited the work CCA has done in the past decade in reducing damage claims through new load-control techniques and improved loading patterns. It has also cooperated in development of a high-cube 60-foot box car for double-tiered paper loading. By working with railroads, CCA has virtually eliminated demurrage at its plants, which handle about 100,000 cars annually. General Foods' Howard Jones, director of corporate traffic, reported that a shipper/supplier/carrier task force is an effective means of solving specific equipment problems (see page 32). He called many of today's "talented and knowledgeable" railroaders a far cry from the "generalization of the green-eye-shade and rubber-arm-band era," urging industrial traffic managers to deal with their railroad contacts "as effectively and honestly as possible."

(continued from p. 48)

Charles D. Deal has been appointed superintendent of field operations, **Railway Products division, Chemetron Corp.**, Bellevue, Ohio.

Carl L. Byham has been named director of systems engineering, Transportation & Industrial Division of **GTE Information Systems Incorporated.** Mr. Byham has had data systems experience with the American Stock Exchange, Association of American Railroads and Southern Railway.

Robert T. Gilmore has been appointed manager–operations, Unit Shop 1, Signal & Communications Division of **Westinghouse Air Brake Co.**, Pittsburgh succeeding **Albert Beswick,** who retired Jan.1, after 47 years of continuous service with WABCO. Mr. Gilmore was formerly supervisor–production control.

William T. Anthony, assistant manager of sales, railroad products, **Bethlehem Steel Corp.**, Bethlehem, Pa., has been promoted to manager of sales, railroad products, succeeding **John G. White Jr.**, promoted to assistant general manager of sales.

Donald R. Young, sales manager, Buck Products, Material Handling Division, **Desa Industries,** Cincinnati, Ohio, has been appointed vice president-marketing.

Robert P. Winks, sales manager–transit products, **Luminator** Division of **Gulton Industries,** Plano, Tex., has been promoted to the newly created position of vice president–marketing.

INDUSTRIAL TRAFFIC

Don P. Shaw, assistant traffic manager, Forth Worth plant, **Ralston Purina Co.**, has been named traffic manager, Irondale, Colo., Chow plant.

Franklin B. Varner, general manager-steel traffic and transportation, **United States Steel,** Pittsburgh, assumed added responsibility for freight rates on Feb. 1. **Robert M. Corcoran,** director-freight rates, has been named general traffic manager-steel. **Robert A. Newton,** manager-traffic, Southern and Southwestern Area, Houston, has been appointed general traffic manager-rates, steel. **Norman C. Halleck,** manager-transportation and movement services, has been named general transportation manager-steel.

J. Robert Kleff, chief clerk, traffic department, **NL Industries, Inc.**, (formerly known as National Lead Co.), has been appointed district traffic manager, St. Louis, Mo., succeeding the late **Donald B. Norris.**

August J. Miller has joined **Denenholz & Janer, Inc.**, New York, as a senior associate specializing in rate matters. Mr. Miller has been associated with Lever Brothers Co. for the last 10 years in various traffic, distribution and marketing activities.

Norman C. Cowper has been appointed manager–transportation services, **Abitibi Corp.**, Birmingham, Mich.

George T. Schmidt, assistant distribution manager, **Consolidation Coal Co.**, Pittsburgh, has been promoted to distribution manager, Ohio and Valley divisions, succeeding **John C. Gordon,** retired after 43 years of service, **William A. Trozzo** succeeds Mr. Schmidt.

George Zehder, manager of a distribution–sales service task force, **General Foods Corp.**, White Plains, N.Y., has been promoted to assistant general manager, Distribution–Sales Service Division.

Joseph F. Queenan, rate and tariff analyst, general traffic department, **William H. Rorer, Inc.**, Fort Washington, Pa., has been appointed traffic manager.

William C. O'Connor, assistant general traffic manager, **Anaconda Co.**, New York, has been appointed corporate director of transportation and energy. Reporting to Mr. O'Connor will be **Thomas D. Williamson** as manager of transportation and energy services, and **Roger A. Small,** as manager of freight rates.

Robert S. Tilton and **Jack R. Freiday** have been appointed district traffic managers, **Joseph T. Ryerson & Son, Inc.**, Chicago.

J.E. Isbell, Jr., director of transportation, **Foote Mineral Co.**, Exton, Pa., named director of purchasing and transportation, succeeding **William M. Raynor,** retiring after 30 years with the company.

Arthur R. Schiltz, associate director, Traffic Department, **Procter & Gamble,** Cincinnati, Ohio, has been appointed manager, Traffic Department, succeeding **Paul R. Glick,** who retired Jan. 31.

Howard N. Bull, assistant traffic manager, **American Crystal Sugar Co.**, Denver, Colo., has been appointed traffic manager, succeeding **D.O. Ruthrauff,** who retired Feb. 1.

CALENDAR

The spring meeting of the **American Council of Railroad Women** will be held in New Orleans, La., April 21-23. The Council's annual meeting is scheduled for Oct. 12-15, in Denver, Colo.

The University of Alabama's next annual **Transportation Forum** will take place in Tuscaloosa on May 10-11. The forum's theme will be "Role and goals of transportation." A number of topics and issues which have a direct bearing on the future and effectiveness of transportation in the country's economy, and the relationships between industry and transportation, will be examined.

General traffic management seminars under the sponsorship of the **Eastern Area, Military Traffic Management and Terminal Service** are scheduled for 1972 in Pittsburgh, Pa. (Mar. 14-15) and in San Antonio, Tex. (April 26-27). The meetings are intended for Department of Defense traffic management personnel and transportation industry representatives.

The annual **Joint Railroad Conference** of the Institute of Electrical and Electronics Engineers and the American Society of Mechanical Engineers will be held at the Hilton in Jacksonville, Fla., on March 14-15.

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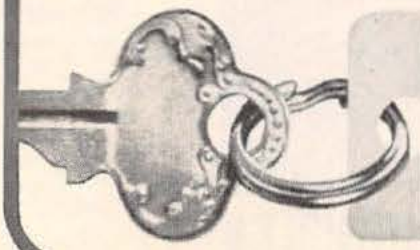

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TRAFFIC POLL

(continued from page 31)

exemption from certain agricultural products. Although seemingly innocuous, further study indicates an adverse effect on farmers, consumers and a potential for serious environmental reverses. I feel the rails, truckers and water carriers did not give sufficient thought to this bill other than those features which would serve their own self interest. Everyone has an interest in ground transportation of which the carriers are only a part."

P.T. Brewbaker, director of transportation and distribution, Hooker Chemical Corp., Stamford, Conn.: "The carriers ignored completely the role of the shipping public in promoting this legislation." He finds S. 2842 a little better than STA, but opposes the "zone of reasonableness" rate concept. "Section 1 already has a zone of reasonableness, resulting from ICC and court interpretations over the years. It works just fine."

• **The other side.** A handful of shippers cast their votes with the carrier-supported STA, and against the NIT League, in the Railway Age poll.

J.J. D'Arcy, general traffic manager of Congoleum Industries, Inc., Kearny, N.J., found the STA to be "superior to the DOT proposal." J.W. Cassell, district traffic manager, Reynolds Metals Co., Sheffield, Ala., thought the STA "would help surface transportation prepare for future growth."

R.H. Heilman, corporate director of transportation and distribution, A.O. Smith Corp., Milwaukee, conceded that S. 2362 may not be the answer to all carrier problems "but at least if enacted it would give them needed relief in certain areas. Subsequent legislation could then deal with more specific problems."

Also critical of the NIT League's anti-STA stand were John J. Regan, assistant vice president-traffic, Eastern Coal Corp., Pittsburgh, and R.F. Treptow, general traffic manager, H.D. Lee Co., Shawnee-Mission, Kans.

Said Regan: "It is obvious that several railroads require interim financial assistance plus [other] relief or they will end up being operated by the government. Shippers cannot afford government operation. I sincerely hope that what we do as a group this year, we can be proud of five years from now."

Treptow's criticism was more pointed: "The carriers need help from the shippers to accomplish what they cannot do for themselves, and the larger shippers are too self-sufficient and plain shortsighted to know what transportation needs are required generally."

• **"No wonder Congress is confused."** The intense interest of shippers in the various proposals now before Congress was underscored by D.J. Russell, director of transportation for the Minneapolis Grain Exchange, who told Railway Age:

"This Exchange has over 400 members and there are probably as many different views on pending transportation bills as there are members who are at all informed on the subject. The Exchange is a member of the NIT League, and General Mills' Bill Smith has been heading the League's ad hoc committee which has been studying these bills. Our local Traffic Club and ICC Practitioners have both held well-attended educational meetings within the last month with such top authorities as Charles Baker of DOT, Bill Smith, Jim Springrose of Cargill and spokesmen for the AAR, American Trucking Associations, and ICC presenting their often conflicting views.

"If there is any consensus at all, it would have to be that all of the major bills such as S. 2362, S. 2841 and S. 2842 contain 'good' and 'bad' features, depending on one's point of view. At this point, I don't blame Congress for being thoroughly confused." ■

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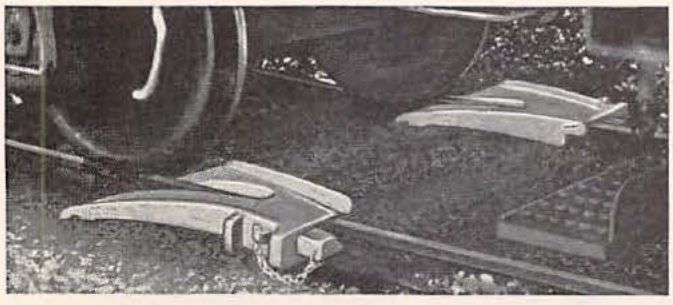

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Viewpoint

Nationalized rails work very well- in the USSR

In a pre-wrapped, vacuum-sealed "interview" now being distributed by the Novosti Press Agency, Pyotr Muratov, USSR Deputy Minister of Railways, compares the Soviet rail system to railroads of the rest of the world in general, and the United States in particular. Not surprisingly, the USSR railways come out very well.

Mr. Muratov notes that while the 84,000-mile Soviet system accounts for only 10% of the world's railway mileage, it handles 50% of all railroad freight and 20% of all passengers.

"Many foreign specialists who come to the Soviet Union to study the railways comment on the high efficiency of our system," notes the Deputy Minister. "For example, each mile of track in the Soviet Union is used five times more than in the United States; the Soviet turnover of rolling stock is twice that of the U.S.; and locomotives daily travel twice the distance. Naturally, the economic results are higher."

While pleased with their accomplishments so far, Soviet railway planners are not resting on their ROI.

They are pouring billions of rubles into building new lines and modernizing old ones, into new rolling stock and locomotives, into new and refurbished yards and stations, into automation, remote control devices and computerization. Electrification is being extended. (The USSR today has 21,000 miles of route under catenary, one-third of the world's total.)

We are not disposed to argue with Mr. Muratov's general statements (though it would be interesting to know if Soviet railways report under ICC, GAAP or USSR accounting principles). Those of us who have visited the USSR know its railway system to be a busy and relatively modern one.

How has all of this been accomplished? Do the Russians know so much more about railroading than the Americans, the British, the French, the Japanese? Mr. Muratov's own answer is this:

"Today in many of the developed capitalist countries the rapid expansion of commercial motor transportation, pipelines and aviation, as well as economic recessions, have bankrupted the railway companies. They were unable to make the technical changes that could help them stand up to the competition."

The Russians have not, of course, had to "stand up" to this kind of competition, because the Soviet government as a matter of policy has generously fed the railways while it has, comparatively, starved the highways, the airways and other modes which it regards as less inherently efficient.

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Short of going to a controlled socialist economy, which has worked such wonders for USSR railways, the answer for the rest of the world appears to be simple: halt, somehow, the one-sided investment of transportation funds.

So long as our own government continues to pour billions of dollars a year into non-rail modes, and begrudges railroads even the guarantee of a loan, the Russians will continue to be able to make those smug, and all too accurate, comparisons.

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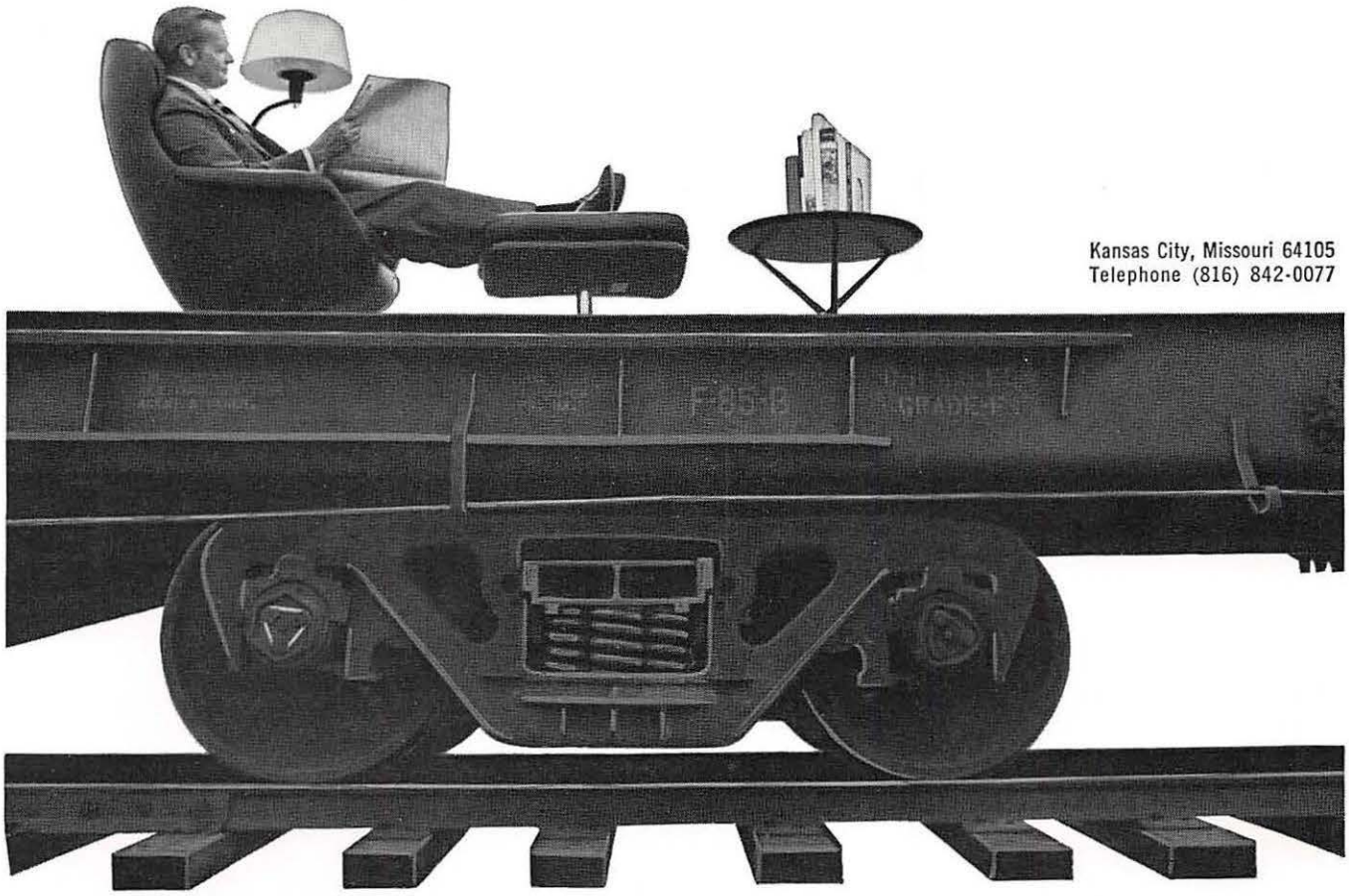

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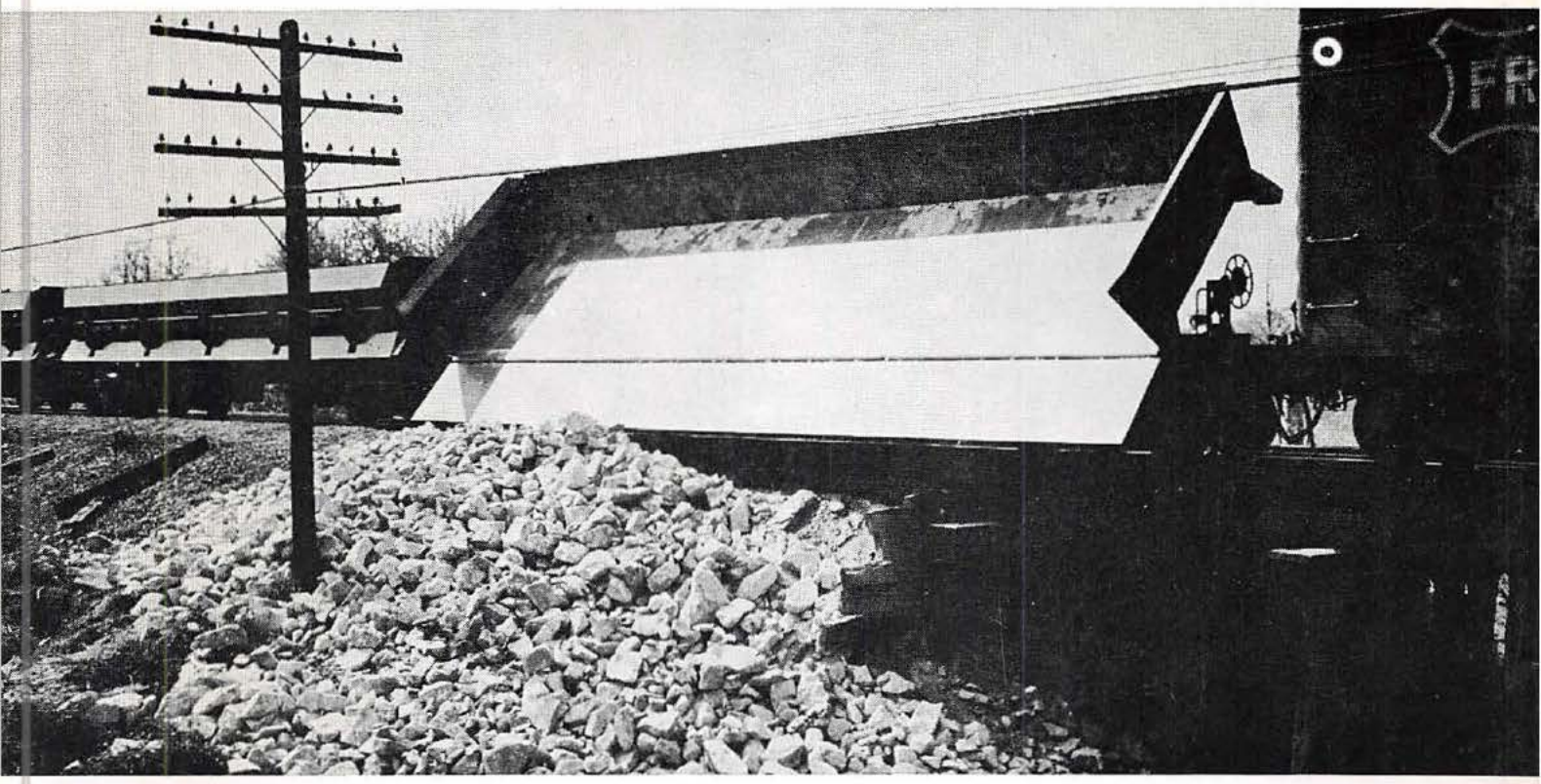

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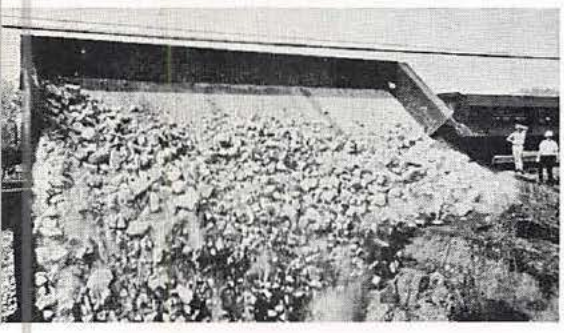

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